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*OPPORTUNITY
TO THRIVE*



“Our greatest assets are our neighborhoods and people.”

From Advisory Committee Meeting #3

INTRODUCTION

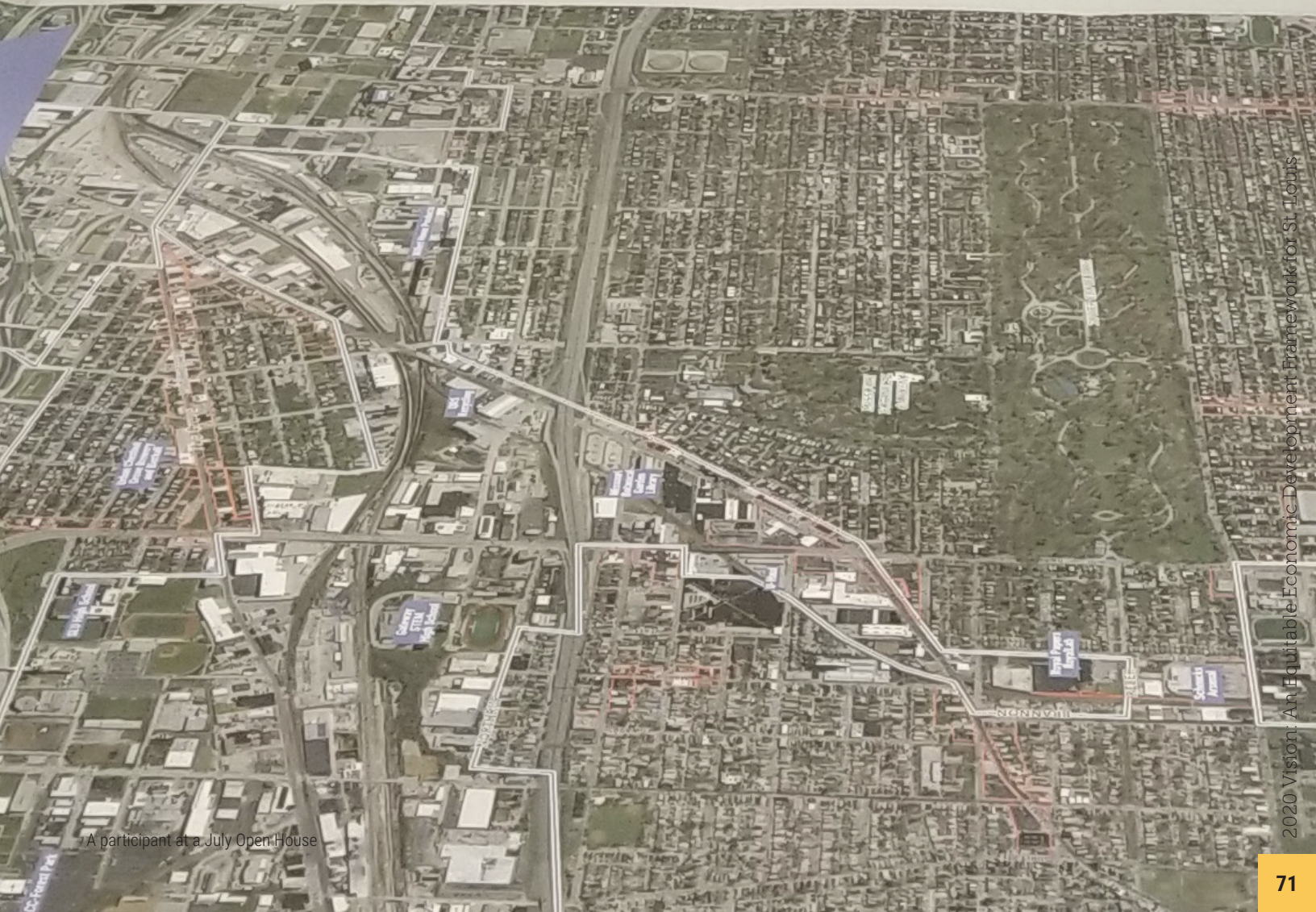
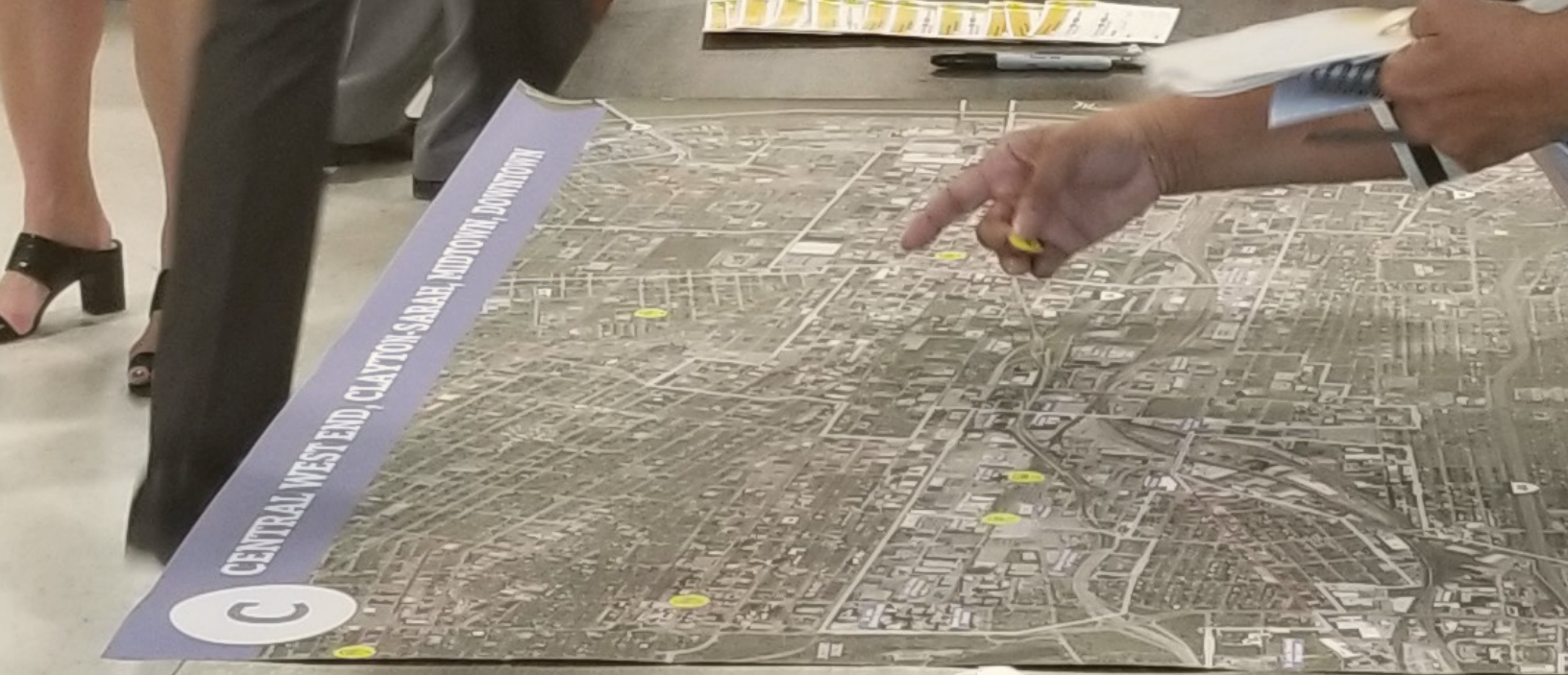
The City of St. Louis has a tremendous asset base, owing in large part to its residents, entrepreneurs, and workforce, but these assets require special focus and attention in the city's Equitable Economic Development Framework. The city's population has been declining for decades, and today, the city is just over one-third of its peak size. To address population loss, St. Louis must retain existing residents, grow the Black/African American middle class, and attract newcomers from across the U.S. and globe.

St. Louis is a diverse, so-called “majority-minority” city, but this is not reflected in statistics around entrepreneurship and business ownership. Despite having the highest share of Black/African American-owned firms among the 100 largest American cities – in 2017, 34% of privately-held firms with employees in St. Louis were Black/African American-owned – the city ranks near the bottom for levels of employment per firm, payroll per firm, and revenue per firm for MBEs, WBEs, and privately-held firms with employees, in general. Although the city has a well-developed ecosystem for innovation and entrepreneurship, it must continue to evolve to support new priorities, including business models for neighborhood retail and amenities, a vibrant business-to-business cluster with diverse ownership, and a focus

on one of the most staggering challenges facing entrepreneurs in the city, namely access to capital.

Entry-level and middle-wage jobs are an imperative for broad-based opportunity in the city. Entry-level and middle-wage jobs help build and restore the middle class and, with proper employer practices around retention, can support job tenure and other factors that increase opportunities and wages. Although middle-wage jobs grew by almost 10% from 2010 to 2018 in the St. Louis MSA, middle-wage occupations in the city experienced practically no growth. Employer practices and workforce programs must be better aligned and responsive to the needs of both businesses in growing sectors and job seekers by involving businesses and service providers in program development and implementation.

The strategies in this section aim to build and sustain long-term wealth for city residents and entrepreneurs, especially Black/African Americans, through asset development, ownership of homes and businesses, and economic opportunity across a range of skillsets. The final section examines how SLDC and others can build capacity to actually measure “opportunity to thrive” across and within the city.



A participant at a July Open House

POPULATION RETENTION AND GROWTH

Overview

“Small business requires population - [you] can’t have a main street when everything is vacant lots.”

The city’s residents are integral to its identity and contribute to neighborhood vitality, character, and quality of life. Population levels also play a fundamental functional role for the city, dictating federal and state funding and bolstering the city’s tax base and ability to provide important public services. Population loss also coincides with vacancy; both vacancy and the depletion of a customer base are key issues that negatively impact existing businesses. In the words of an interviewee, “small business requires population – [you] can’t have a main street when everything is vacant lots.”¹

While a full set of population retention- and growth-based strategies goes beyond the scope of an economic development framework, identifying and implementing related strategies that can slow or reverse population decline can be an important component of inclusive growth and support existing and potential new businesses across the city. These strategies must be tailored to specific areas through complementary neighborhood initiatives. Furthermore, these strategies must coordinate investments in job growth and neighborhoods to help retain and support the Black/African American middle-class, as the city is losing a sizeable number of Black/African American residents and families.

The City of St. Louis has been losing population since somewhere between 1950, when the census registered a population of 856,796, and 1960, when the city’s population count had fallen to 750,026.² The city’s population has continued to decline and at last official count (2018) was 302,838, just over one-third of its peak population.³ Led by population loss in the city, in 2018, the region descended from the top 20 metro areas by population,⁴ but it later regained its position as 20th when the numbers were updated.⁵ From 2010 to 2018, the city lost over 16K residents, and the city lost nearly 6K residents from 2017 to 2018, the biggest year-over-year loss since 2010 (see Ch. 2: Economic and Demographic Report). These losses are geographically concentrated on the north side of the city. From 2010 to 2017, the central corridor and south sides experienced a collective growth of over 5K residents, but the north side lost 10K residents during the same period (see Figure PRG-1).

² *Population history of St. Louis from 1830–1990*. (n.d.). Retrieved from <http://physics.bu.edu/~redner/projects/population/cities/stlouis.html>

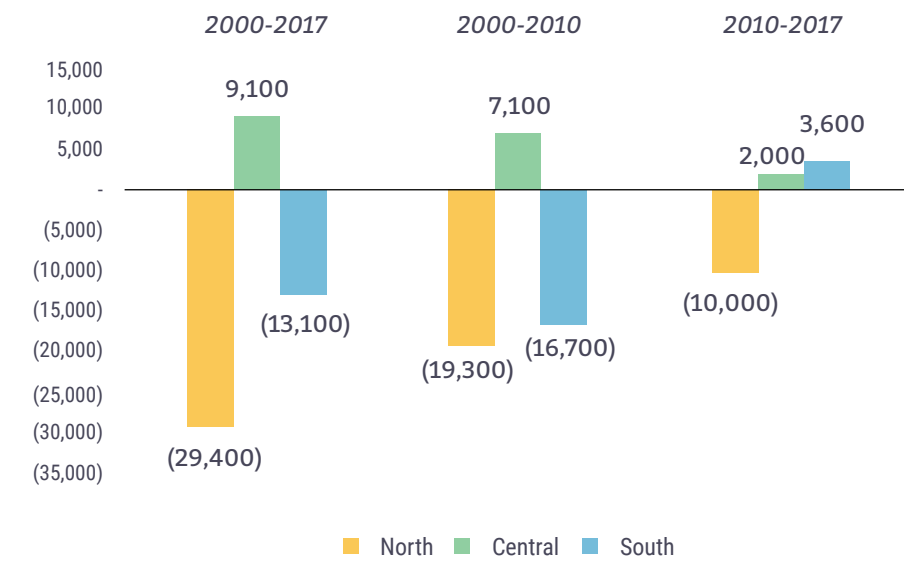
³ U.S. Census Bureau Population Estimates, 2018; *A Brief History of St. Louis*. (n.d.). City of St. Louis. Retrieved from <https://www.stlouis-mo.gov/visit-play/stlouis-history.cfm>

⁴ Edgell, H. (2018, March 22). *Census bureau: St. Louis no longer among top 20 most populous metro areas*. St. Louis Public Radio. <https://news.stlpublicradio.org/post/census-bureau-st-louis-no-longer-among-top-20-most-populous-metro-areas>

⁵ O’Dea, J., and Schlankmann, M. (2019, April 19). *Census: St. Louis city lost, St. Charles County gained and St. Louis County stayed the same*. *St. Louis Post-Dispatch*. https://www.stltoday.com/news/local/metro/census-st-louis-city-lost-st-charles-county-gained-and/article_738cfe8f-a15e-5da8-9ad7-a38d8027ea71.html

¹ Project interviews and roundtables

Figure PRG-1. Population change, 2000-2017



These population changes have produced variation in population density trends across the city, widening the spread between neighborhood conditions in the north and south. Many of the census tracts on the north side of the city are lower density and losing population while many tracts on the south side of the city are higher density and gaining population (see Figure PRG-2).

Source: U.S. Census Bureau, Decennial Census 2000, 2010; American Community Survey 2017 5-year release

Population Change Typology

Source: Mass Economics

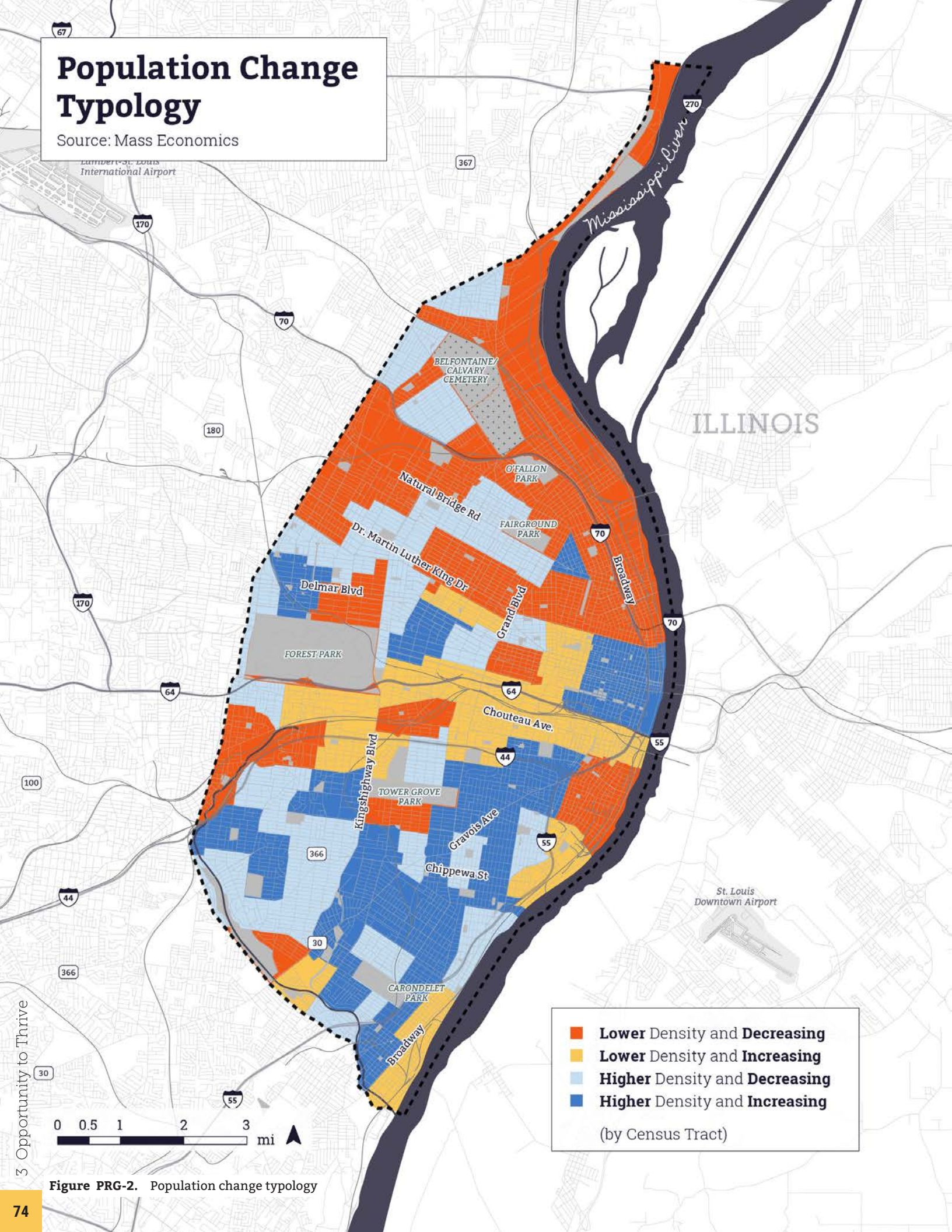
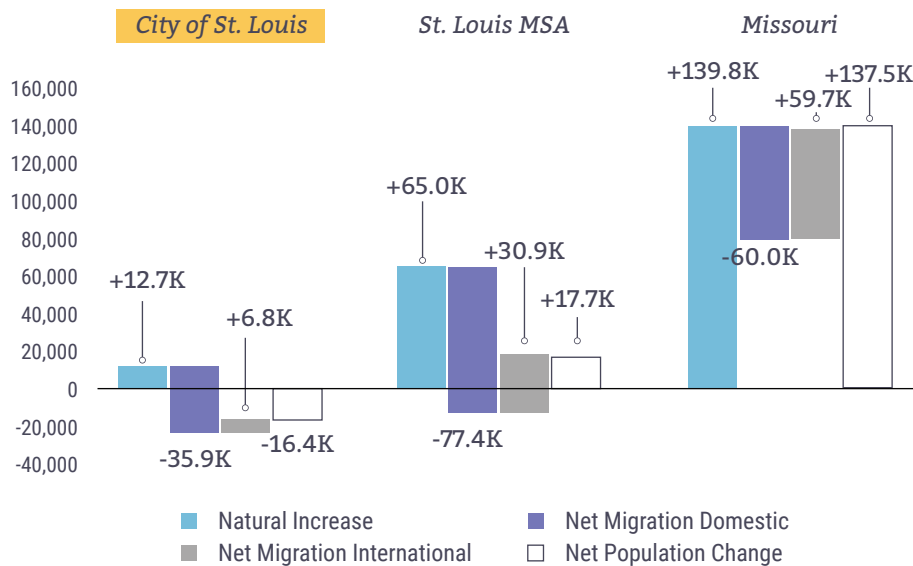


Figure PRG-2. Population change typology

Figure PRG-3. Components of population change, 2010-2018



Source: U.S. Census Bureau American Community Survey, PEPTCOMP, 2010-2018

The city experienced a natural increase in population of 12.7K from 2010 to 2018, but it lost 35.9K residents to net domestic outmigration during this period. In fact, the city, region, and state are all losing residents through net domestic outmigration, and the city and region experienced far higher net domestic outmigration than their natural increases in population (see Figure PRG-3)

In 2018, approximately 7% of the city's population and 5% of the MSA's population was foreign-born.⁶ Immigrants represent an increasingly larger share of the national population, with the share of foreign-born residents climbing from about 11% in 2000 to 14% in 2018.^{7,8} The region has a comparatively high share of refugees despite

lagging the national foreign-born rate, and the city became the adopted home of many Bosnian immigrants seeking refuge during the Bosnian Civil War.⁹ Recently, the St. Louis Economic Development Partnership rolled out an initiative to increase the number of foreign-born residents in the region, called the St. Louis Mosaic Project.¹⁰ Given its focus on new rather than existing residents and, in the words of an alderwoman, the fact "that they spend resources on immigrants when they could rebuild poor black communities," the initiative is considered highly controversial.¹¹ Amidst population loss, the city's residents are aging and becoming more highly

IN FACT, THE CITY, REGION, AND STATE ARE ALL LOSING RESIDENTS THROUGH NET DOMESTIC OUTMIGRATION, AND THE CITY AND REGION EXPERIENCED FAR HIGHER NET DOMESTIC OUTMIGRATION THAN THEIR NATURAL INCREASES IN POPULATION.

educated. From 2010 to 2018, the biggest loss by age group was among residents under the age of 25 (decreased by 21.9K), and the biggest gain by age group was among residents ages 65 and older (increased by 6.2K), followed by gains in residents ages 25 to 34 (increased by 3.3K).¹² The number of residents 25 years and older with at least a bachelor's degree increased by 34% from 2010 to 2018, and in 2018, more than half (52%) of residents ages 25 to 34 held at least a bachelor's degree.¹³

Increasing educational attainment matches broader trends around resident income. Although average household income in the city lags the rest of the region and national average, the city's average household income grew by 20.4% from 2010 to 2018 (in real terms), two times the rate for the rest of the region and over 1.6 times the rate for the

6 U.S. Census Bureau American Community Survey 2018 1-year release

7 U.S. Immigrant Population and Share over Time, 1850-Present. (n.d.). Migration Policy Institute. Retrieved from <https://www.migrationpolicy.org/programs/data-hub/us-immigration-trends>

8 U.S. Census Bureau American Community Survey 2018 1-year release

9 Gilsinan, K. (2013, February 15). Why Are There So Many Bosnians in St. Louis? *CityLab*. <https://www.bloomberg.com/news/articles/2013-02-15/why-are-there-so-many-bosnians-in-st-louis>

10 About Us. (n.d.). St. Louis Mosaic Project. Retrieved from <https://www.stlmosaicproject.org/about-us.html>

11 Fernandez Campbell, A., Flores, R., Stamm, S., and National Journal. (2014, August 27). St. Louis Is Growing More Diverse—Just Not in the Black Half of Town. *The Atlantic*. <https://www.theatlantic.com/politics/archive/2014/08/st-louis-is-growing-more-diverse-just-not-in-the-black-half-of-town/431244/>

12 U.S. Census Bureau American Community Survey 2010-2018 1-year release

13 U.S. Census Bureau American Community Survey 2010-2018 1-year release

U.S.¹⁴ In 2018, the city's share of residents earning over \$100K was 1.8 times 2010 levels, exceeding the rate for the rest of the region (1.4 times 2010 levels) and the U.S. (1.5 times 2010 levels).¹⁵ (See Ch. 2: Economic and Demographic Report.)

Despite these overall gains in resident income, growth has not been shared across racial groups. As shown in Ch. 2: Economic and Demographic Report, median earnings for residents ages 16 and older with earnings in the past 12 months have increased, growing by 21% in real terms from 2010 to 2018. This growth far outpaces the overall growth for St. Louis County (6%), the region (6%), and the nation (7%). But further inspection of these gains highlights fundamental divergences within the region: in the city, white, non-Hispanic residents experienced a growth rate of 25%, compared to just 9% for Black/African American residents while in St. Louis County, white, non-Hispanic residents experienced a growth rate of 3%, compared to 11% for Black/African American residents.

These trends underscore the racial divide in both opportunities and quality of life in the city. The city's population loss has been concentrated among Black/African American residents, as well as families with children. The number of Black/African American residents of the city declined by 13%, or just over 20K, from 2010 to 2018, and the number of households with children under the age of 18 declined by 12%, or 3.9K, from 2010 to 2018. Black/African American families with children declined by 24% from 2010 to 2018, far outpacing the decline in St. Louis County and the nation. (See Ch. 2: Economic and Demographic Report.)

14 U.S. Census Bureau American Community Survey 2010-2018 1-year release

15 U.S. Census Bureau American Community Survey 2010-2018 1-year release

Membership in the middle class bifurcates along racial lines in the city. Black/African Americans comprise a disproportionately small share of the city's middle-class households (44% overall vs. 29% of middle-class), which have incomes between 80% and 300% of the national median household income.¹⁶ Half of white, non-Hispanic households are middle class in St. Louis compared to one in four Black/African American households.¹⁷ (The number of middle-class households of other races/ethnicities is small by comparison and is relatively proportional to its share of households overall; households of other races/ethnicities represent 8% of city households and 7% of the city's middle-class households, or 3.8K.) (See Figure PRG-4.)

16 Middle-class household definition adapted from: Detroit Future City, "Growing Detroit's African-American Middle-Class: The Opportunity for a Prosperous Detroit," 2019

17 U.S. Census Bureau American Community Survey 2017 5-year release

Middle-class households are an important unit of analysis for both population retention and growth. Middle-class accessibility goes hand in hand with access to economic opportunity, and it's a critical aspiration for both retaining population and attracting newcomers. Like the population overall, middle-class households are dispersed throughout the city but concentrated in the south. (See Figures PRG-5 and PRG-6.) Overall, the city would have approximately 14.4K more middle-class households if its middle-class household rate were the same as the MSA rate, and it would have 8.6K more Black/African American households if at the MSA rate. Using the average household size of 2.16 people per household in 2017, these additional households would correspond to approximately 31.1K more people overall and 18.6K more Black/African American residents.¹⁸

18 U.S. Census Bureau American Community Survey 2017 1-year release

Figure PRG-4. Middle-class households

| Households | Total | White, Non Hispanic | Black/ African American | Other |
|--|--------|---------------------|-------------------------|-------|
| # of City Households | 139.7K | 68.1K | 61.0K | 10.6K |
| % of City Households | 100% | 49% | 44% | 8% |
| Middle-Class Households | 53.3K | 34.1K | 15.4K | 3.8K |
| % of City Middle-Class Households | 100% | 64% | 29% | 7% |
| % of Households that are Middle Class | 38% | 50% | 25% | 36% |
| % of Households that are Middle Class in Rest of MSA | 54% | 56% | 39% | 50% |
| Additional Middle-Class HHs at MSA Rate | *14.4K | 4.3K | 8.6K | 1.5K |

Source: U.S. Census Bureau American Community Survey 2017 5-year release
*: 14.4K reflects the sum of the racial deltas

Source: ACS 2017 (5-Year Estimates); US Census Bureau

Source: ACS 2017 (5-Year Estimates); US Census Bureau



Figure PRG-5. Race and ethnicity

Middle Class Households

Source: ACS 2017 5-year est., Mass Economics Analysis

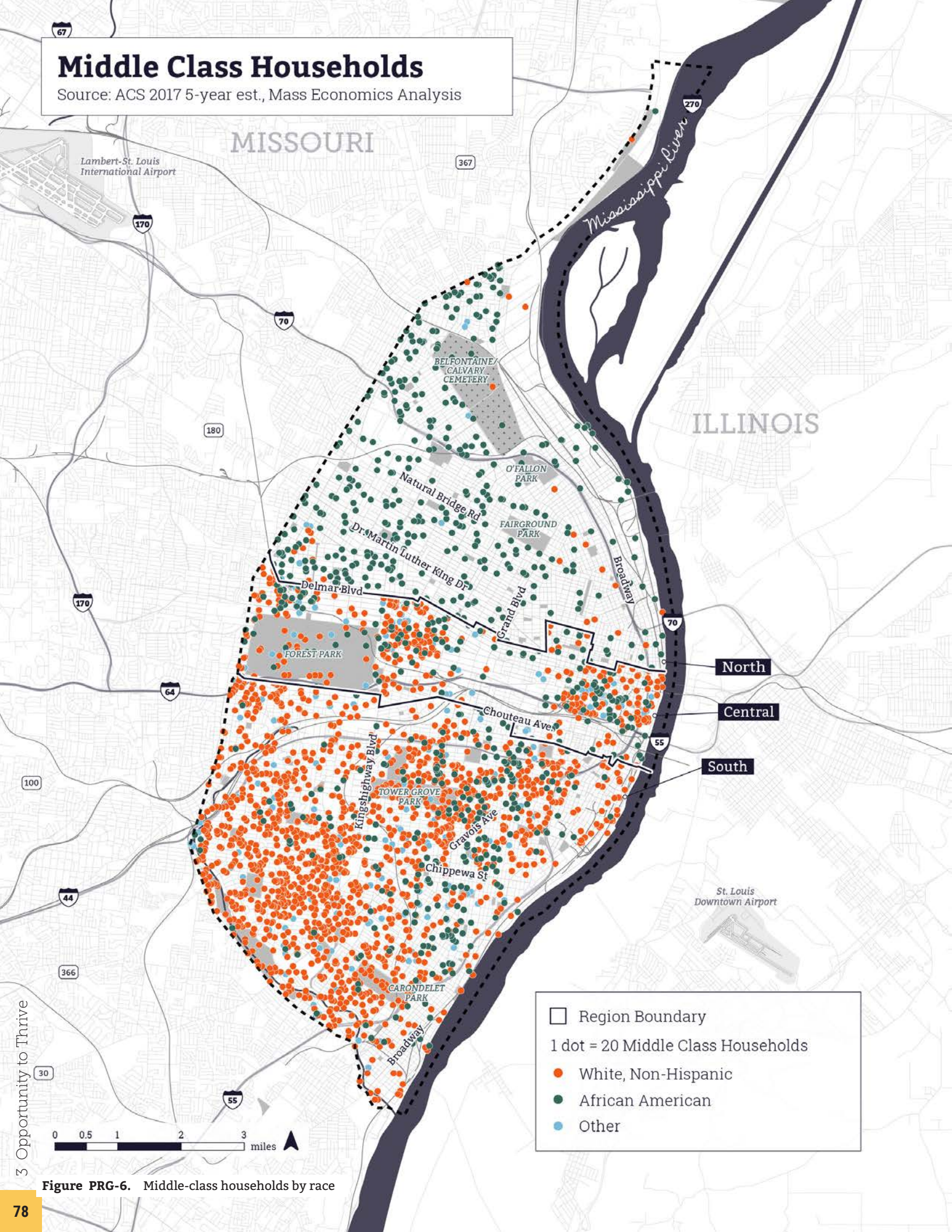


Figure PRG-6. Middle-class households by race

Growth and Retention Opportunities

Not only is economic opportunity stratified by race, but neighborhood amenities and services, which affect larger quality of life considerations, are also uneven. The changing demographics of the city's residents imply a changing demand for city services. For example, the loss of families with children coincides with declining SLPS enrollment although declining SLPS enrollment also reflects increases in Charter school enrollment (see Ch. 2: Economic and Demographic Report). The aging population and growth in the pre-retirement cohort may require new services (and desire new amenities) altogether. Economic opportunity may exist for job holders in the city, but it often eludes residents – and increasingly, residents represent a smaller share of job holders in the city. In 2017, 24.4% of job holders in the City of St. Louis also lived the city, down from 30.4% in 2002 (though these shares also reflect the fact that the number of jobs is increasing and the number of residents is decreasing).¹⁹ Among Missouri counties, nowhere are the disparities between job holders and residents as great as they are in the City of St. Louis. Job holders earn on average over \$18K more than residents, a bigger gap than any other county in Missouri.²⁰

The current population dynamics paint a complicated picture of how long-term residents have been left behind by the city's economy and reinforce the uneven quality of life across the city, both of which may be intensified by ongoing population loss. These dynamics have prompted a cycle of net out-migration among Black/African American residents, as well as families with children, and perpetuate a growing education-, asset-, and ultimately resource-based divide among residents.

The strategies presented in this section do not attempt to address the full spectrum of factors – e.g., schools, crime, safety, city services, infrastructure, and transportation options, to name a few – on which quality of life depends. Instead, these strategies focus on resident incomes and asset building – and the fact that wealth building is not a zero-sum game²¹ – as a key way to retain and grow population. For the purposes of this framework, “resident” is an umbrella term that includes individuals, households, and communities, and asset building can be achieved through access to high-quality jobs and assets, as well as stabilizing and growing the value of these assets.

Asset building depends in large part on homeownership. Building assets through homeownership relies on value appreciation prospects²² and, even more fundamentally, on prospective buyers being able to purchase the types of housing that they want, where they want to live, with the neighborhood amenities that they desire. The type, quality, and location of residential real estate products available for purchase in the City of St. Louis are not always aligned with what prospective buyers seek; as expressed during an interview, “the only way to grow population is to have housing people want.”²³ Furthermore, accurate and timely property information must be accessible to prospective buyers, which, unfortunately, is not always the case in parts of the city that could be considered distressed markets.

22 In fact, home values fluctuate dramatically based on the racial make-up of the neighborhood, which has implications for home value appreciation and wealth building opportunities. See: Perry, A., Rothwell, J., and Harshbarger, D. (2018). *The Devaluation of Assets in Black Neighborhoods: The case of residential property*. Metropolitan Policy Program at Brookings. https://www.brookings.edu/wp-content/uploads/2018/11/2018.11_Brookings-Metro_Devaluation-Assets-Black-Neighborhoods_final.pdf

23 Project interviews and roundtables

19 LEHD-OTM

20 For residents ages 16 and older with earnings. Sources: QCEW, 2017; U.S. Census Bureau American Community Survey 2017 5-year release; Mass Economics analysis

21 Project interviews and roundtables

“The only way to grow population is to have housing people want.”

Housing demands, vacancy, and prices vary spatially across the city and by product type (e.g., single-family homes vs. small multi-unit buildings vs. higher-density apartments and condos). It's important to ensure that the city maintains a diversity of affordable housing types and sizes based on different demands. Recent housing developments include Habitat for Humanity St. Louis' five affordable single-family homes in the Gate District West neighborhood, and plans for 250 energy-efficient homes in the St. Louis Park Place neighborhood near NGA (stalled as of this writing).²⁴

St. Louis is relatively affordable by national standards, but anecdotally, there seems to be a shortage of “middle” housing in the city that can support the middle class. Compared to the rest of the region, more of the city's homes are at or below \$125K (39% in the city vs. 29% in the rest of the region). Fewer

homes in the city are priced at a mid-range level, from \$125K to \$500K (57% in the city vs. 65% in the rest of the region). (See Figure PRG-7.) Overall, both renters and owners in the city experience a greater housing cost burden than renters and owners in the rest of the region (see Ch. 2: Economic and Demographic Report), and often, prospective buyers turn to the suburbs where there is a greater range of housing options in their price range.²⁵ Just under half (46%) of housing units in the city are single-family homes, and they are in high demand: in the city overall, single-family units have the lowest vacancy rate across housing types.²⁶

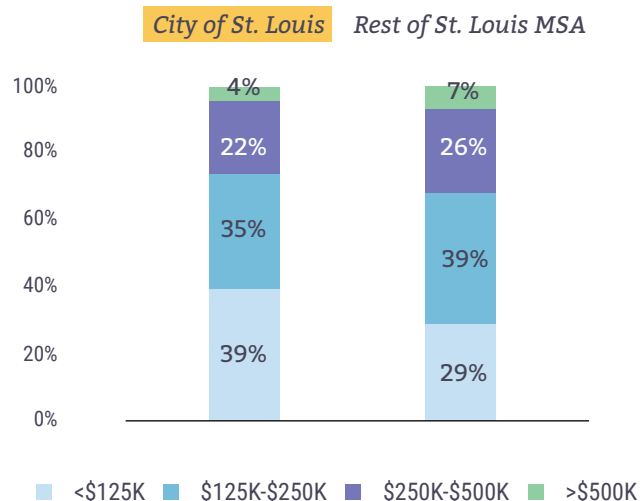
Addressing this problem will require not only changes in development policies to support the types of housing residents want, but also the availability of financial tools that can be used to cover gaps by neighborhood and/or product type. Already, there are several financial tools that can be used to support residents in their quest for housing options. The **Gateway Neighborhood Mortgage** provides homebuyers with a second

24 Habitat for Humanity to build five new homes near SLU. (2019, January 24). St. Louis American. http://www.stlamerican.com/business/business_news/habitat-for-humanity-to-build-five-new-homes-near-slu/article_b36330ea-1f78-11e9-ac47-df87a01f91de.html; Lincoln, A. (2020, July 7). New development of homes near NGA site remains a standstill. KMOV4. https://www.kmov.com/news/new-development-of-homes-near-nga-site-remains-a-standstill/article_a3524bb2-c0be-11ea-9502-ab769db1a432.html

25 Project interviews and roundtables

26 U.S. Census Bureau American Community Survey 2018 1-year release

Figure PRG-7. Distribution of home values, 2018



Source: U.S. Census Bureau American Community Survey 2018 1-year release

mortgage that can be used to cover the “appraisal gap,” or the difference between the appraised value of the home and the cost to make necessary renovations.²⁷ The **State of Missouri** has a “circuit breaker” policy that lowers property tax payments for residents with disabilities and seniors.²⁸ However, this policy is a tax credit and operates like a refund rather than an upfront reduction, so it doesn’t alleviate the financial hardship of the initial payment. There are also various **homeowner repair funds** (e.g., the City’s Healthy Home Repair Program²⁹) that low-income residents can access for necessary home repairs. In addition, **Washington University and BJC Healthcare** offer down payment assistance for employees looking to buy a home in select city neighborhoods.³⁰

Community asset building revolves around the presence of amenities that support a high quality of life for residents and preservation of affordable community assets – e.g., land, schools, building stock, community organizations, small businesses – in perpetuity. These types of amenities build community identity, foster neighborhood pride among residents, and ultimately go hand-in-hand with neighborhood capacity. A lack of such amenities can be a deterrent for future residents and can instigate population loss in these corridors. Maintaining the affordability of commercial space is an imperative for the wellbeing of commercial corridors,³¹ which attract and support

residents with myriad business-to-consumer (B2C) needs like coffee shops, bars, and restaurants.

A particular segment of the population that the city must work to retain is its young people, both college students and non-college students. There are an estimated 67.3K students enrolled across public and independent higher education institutions in the City of St. Louis – Harris-Stowe State University, St. Louis Community College, St. Louis University (SLU), University of Missouri-St. Louis (UMSL), and Washington University – of which 47.6K (71%) are enrolled full-time.³² While some of these students are local, many hail from other places; for example, nine out of ten undergraduates at Washington University move to St. Louis from another state.³³ Retaining more students can help build the city’s population, as well as add to its diverse young talent pool. For example, with its STEM focus, Harris-Stowe is an important part of growing Black/African-American technology talent in St. Louis. In order to retain these students in the city longer term, they must be encouraged to experience and develop ties to the city, which, due to concerns around safety, some institutions have historically been less inclined to support.³⁴

In addition to growing the number and quality of jobs, St. Louis must increase its residential population by retaining existing residents, growing the Black/African American middle-class, and retaining and attracting talent from across the globe. The “magic wand” of population growth cannot be understated.³⁵

A PARTICULAR SEGMENT OF THE POPULATION THAT THE CITY MUST WORK TO RETAIN IS ITS YOUNG PEOPLE, BOTH COLLEGE STUDENTS AND NON-COLLEGE STUDENTS.

“The magic wand is population growth – [we] have to figure out how to be the most welcoming city in America. [We] need to be attractive to all people, skills, ages, demographics.”

27 Abello, O. P. (2019, August 19). *Breaking Through and Breaking Down the Delmar Divide in St. Louis*. Next City. <https://nextcity.org/features/view/breaking-through-and-breaking-down-the-delmar-divide-in-st-louis>

28 *Property Tax Credit*. (n.d.). Missouri Department of Revenue. Retrieved from <https://dor.mo.gov/personal/ptc/>

29 *Healthy Home Repair Program*. (n.d.). City of St. Louis. Retrieved from <https://www.stlouis-mo.gov/government/departments/community-development/home-repair.cfm>

30 The following neighborhoods are permitted: Academy, parts of the Central West End, DeBaliviere Place, Forest Park Southeast, Fountain Park, Lewis Place, University City Northeast, Parkview Gardens, Skinker-DeBaliviere, Vandeventer, Visitation Park, and West End. See: *Live Near Your Work Program*. (2019, May 2). BJC Healthcare and Washington University. <https://lmyw.wustl.edu/about/>

31 Project interviews and roundtables

32 Missouri Department of Higher Education and Workforce Development, Enrollment Report for Missouri Public and Comprehensive Independent Institutions

33 University Facts. (n.d.). Washington University in St. Louis. Retrieved from <https://wustl.edu/about/university-facts/>

34 Project interviews and roundtables

35 Project interviews and roundtables

Strategies and Action Items

Strategy 1 Support homeownership opportunities and retention in targeted neighborhoods

Although homeownership is one of the foremost ways that households generate wealth, for various reasons – racist lending policies, higher value appreciation prospects in white communities versus communities of color, and neighborhood conditions plagued by blight – not all households or communities have been able to benefit from homeownership. Streamlining the process of buying a home and making it easier to maintain supports not only individual and household asset building, but also the long-term well-being of neighborhoods and communities. This framework does not identify specific neighborhoods that should be targeted for housing, but housing near commercial corridors and proximate to employment districts is critical for supporting local businesses and enabling job accessibility; in an era of limited resources, incentives and public investment must be similarly coordinated.

| Action Item #: PRG-1.1 | Create a task force to understand the supply and demand (by sub-market and real estate product) for “middle-market” housing |
|------------------------|--|
| Leader | SLDC |
| Potential Partners | Community agencies, developers, realtor groups |
| Start Time | Year 1 |
| Duration | 3 months |
| Effort to Implement | Low |
| Potential Funding | Local philanthropy, SLDC |
| Goal/s | Produce a market analysis report measuring the demand and supply for middle-market housing by neighborhood, the existing supply gap, and identifying potential policies that can be implemented |
| Tracking Progress | Completed report |
| Action Item #: PRG-1.2 | Launch a pilot project to bring new middle market housing supply online in a targeted area identified by the task force as an area of high need, potentially combining with the Greenlining Fund |
| Leader | SLDC |
| Potential Partners | Lutheran Development Group, community agencies, neighborhood groups, other developers |
| Start Time | Year 2 |
| Duration | 9 months |
| Effort to Implement | Medium |
| Potential Funding | Tax incentive programs |
| Goal/s | Identify a policy proposal and develop a low-cost pilot to determine efficacy of attracting new middle-income housing supply to target areas |
| Tracking Progress | Identification of projects, objectives, metrics for measuring success or failure, and action steps to implementation |

| Action Item #: PRG-1.3 | Building on the state's existing first-time homebuyer program,* use the task force to expand opportunities for a first-time homebuyer program |
|-----------------------------------|--|
| Leader | City |
| Potential Partners | Beyond Housing, CDFI Coalition, Commerce Bank, Community Builders Network, Enterprise Bank and Trust, Housing Partnership, Justine Petersen, Metro St. Louis Community Reinvestment Act Association, Prosperity Connection, SLACO, SLEFI, local community development organizations, neighborhood associations, real estate groups, SLDC |
| Start Time | Year 1 |
| Duration | Ongoing |
| Effort to Implement | High |
| Potential Funding | City, or local or national philanthropy |
| Goal/s | Make it easier for prospective homebuyers to buy a home |
| Tracking Progress | Presence of task force; task force attendance |

* *First-time homebuyers and veterans.* (n.d.). Missouri Housing Development Corporation. <http://www.mhdc.com/homes/firstplaceloans/>

STREAMLINING THE PROCESS OF BUYING A HOME AND MAKING IT EASIER TO MAINTAIN SUPPORTS NOT ONLY INDIVIDUAL AND HOUSEHOLD ASSET BUILDING, BUT ALSO THE LONG-TERM WELL-BEING OF NEIGHBORHOODS AND COMMUNITIES.

| | |
|-----------------------------------|--|
| Action Item #: PRG-1.4 | Meet with a coalition of employers to explore the potential for a large-scale employer-assisted homebuyer program (similar to that already established by BJC and WashU) |
| Leader | SLDC |
| Potential Partners | Community Development Administration, SLACO |
| Start Time | Year 1 |
| Duration | 6 months |
| Effort to Implement | High |
| Potential Funding | City, or local or national philanthropy |
| Goal/s | Support homeownership opportunities in targeted areas; make it easier for prospective homebuyers to buy a home |
| Tracking Progress | Number of employee housing vouchers awarded to employees |
| Action Item #: PRG-1.5 | Evaluate public funding sources and incentives that can be offered to employers to encourage participation in the employer-assisted homebuyer program |
| Leader | SLDC |
| Potential Partners | Beyond Housing, CDFI Coalition, Commerce Bank, Enterprise Bank and Trust, Housing Partnership, Justine Petersen, Mayor's Office, Metro St. Louis Community Reinvestment Act Association, Prosperity Connection, SLACO, SLEFI, real estate groups |
| Start Time | Year 1 |
| Duration | 6 months |
| Effort to Implement | High |
| Potential Funding | Local or national philanthropy, CDFIs |
| Goal/s | Determine available funding sources |
| Tracking Progress | List of programs and incentives |

| | |
|--|---|
| Action Item #: <u>PRG-1.6</u> | Conduct outreach with (and/or create curriculum for) real estate appraisers and brokers, increasing their education and awareness of neighborhoods and market conditions across the city and supporting widespread homeownership opportunities |
| Leader | Community Development Administration |
| Potential Partners | Planning & Urban Design Agency, SLACO, local community development organizations, neighborhood associations, real estate groups, SLDC |
| Start Time | Year 1 |
| Duration | 6 months |
| Effort to Implement | Medium |
| Potential Funding | Local or national philanthropy |
| Goal/s | Bolster homeownership opportunities across the city; undertake widespread engagement for actors involve in home buying |
| Tracking Progress | Number of appraisers and brokers engaged through this process; the development of curriculum |
| Action Item #: <u>PRG-1.7</u> | Investigate the prospects for creating, assembling, and holding land for residential uses, perhaps targeting infill areas in need of appraisal comps [note: overlaps with Vacancy Collaborative goal]* |
| Leader | SLDC |
| Potential Partners | LRA, SLACO, Vacancy Collaborative, neighborhood associations, real estate groups |
| Start Time | Year 1 |
| Duration | 1 year |
| Effort to Implement | High |
| Potential Funding | SLDC |
| Goal/s | Support homeownership in target areas; create value through existing SLDC land assets |
| Tracking Progress | Recommendation on how to operationalize |

*St. Louis Vacancy Collaborative: 2019-2021 Work Plan. (n.d.). https://www.stlvacancy.com/uploads/1/2/7/4/127463804/work_plan.pdf

| | |
|------------------------|---|
| Action Item #: PRG-1.8 | Consider creating a pipeline of developer-ready sites through the LRA inventory and utilizing this pipeline to establish affordable and/or mixed-income housing |
| Leader | SLDC |
| Potential Partners | Ameren, LRA, Planning & Urban Design Agency, SLACO, CDCs, developers, neighborhood organizations |
| Start Time | Year 2 |
| Duration | 3-12 months |
| Effort to Implement | Medium |
| Potential Funding | Affordable Housing Trust Fund, SLDC |
| Goal/s | Build developer capacity and create affordable housing in target neighborhoods; test in batches of 10-15 homes; join forces with other shovel-ready site preparation work; coordinate with other initiatives to offer sites to neighborhood residents and/or groups first |
| Tracking Progress | Number of developments undertaken by neighborhood |



Vacant houses sit empty and unkept



Vacant storefronts sit unoccupied and abandoned on a commercial corridor

Strategy 2

Develop an anti-displacement policy in collaboration with the Vacancy Collaborative and its Anti-Displacement Working Group

Neighborhoods adjacent to employment districts and corridors will require a unique set of tools to help residents build housing and other assets, as well as prevent displacement of existing residents and businesses in the wake of potential increased investment.

One approach is strategic land banking for community wealth building, in which LRA-owned properties are assembled and made available to community organizations. Building off of this strategic land banking, a next step is to roll out a community land trust model for St. Louis. Community land trusts designate a community group as a long-term land owner. As land owner, the trust oversees the use of the land and can be held accountable to keeping the land affordable in perpetuity.³⁶ Under a community land trust, the community can own the land and execute their short- and long-term visions. One of the biggest barriers to rolling out a community land trust is cost, so initial funding will need to be secured.³⁷ While areas with LRA-owned properties could be piloted for the land trust, eventually, neighborhoods with and without LRA-owned properties could participate in this model.

Related to the collective ownership model of the community land trust, the potential for a shared equity homeownership model – including cooperatives, affordability-preserving covenants, and community land trusts³⁸ – should be pursued. According to a recent report from the Lincoln Institute for

Land Policy, “Shared equity homeownership programs make homes affordable to lower income families by investing public resources to reduce the initial prices, and then they keep the prices affordable to all future homeowners through resale.” The same report found that the outcomes of shared equity homeownership are largely positive and support the housing needs of lower-income people.³⁹ One of the most prominent examples of a shared equity homeownership model is Co-op City in New York. Co-op City offers residential units for purchase well below New York City market rates, and it houses 35K people in over 15K apartments of different sizes and types. Residents “are refunded only the amount they paid in the first place,” and there are income thresholds for buyers.⁴⁰

Generally, St. Louis’ housing market is affordable for middle-income households. However, there are some pockets, such as Downtown and the Central West End, where housing prices tend to be out of reach for middle-income professionals. While efforts have been made and should continue to provide affordable housing, most middle-income workers do not qualify for such programs, leaving a need for housing supply that is affordable for households making 80% to 120% of area median family income (AMI),⁴¹ between \$65,040 and \$97,560.

39 Wang, R., Cahen, C., Acolin, A., and Walter, R. J. (2019). *Tracking Growth and Evaluating Performance of Shared Equity Homeownership Programs During Housing Market Fluctuations* (Working Paper WP19RW1). Lincoln Institute of Land Policy. https://www.lincolnst.edu/sites/default/files/pubfiles/wang_wp19rw1_rev_0.pdf

40 Hughes, C. J. (2016, February 24). Co-op City for Affordability and Open Spaces. *The New York Times*. <https://www.nytimes.com/2016/02/28/realestate/co-op-city-for-affordability-and-open-spaces.html>

41 CDA Income Limits. (n.d.). City of St. Louis. <https://www.stlouis-mo.gov/government/departments/community-development/residential-development/income-limit.cfm>

36 *Community Land Trusts (CLTs)*. (2012, June 21). Community-Wealth.org. <https://community-wealth.org/strategies/panel/clts/index.html>

37 Project interviews and roundtables

38 Davis, J. E. (2017). *Affordable for good: Building inclusive communities through homes that last* (Shelter Report, p. 94). Habitat for Humanity. <https://www.habitat.org/sites/default/files/ShelterReport2017.pdf>

PRECEDENT

CO-OP CITY

The Bronx, NY



Photo: Co-op City Times
thecity.nyc



These trends call attention to the need for more affordable and middle-income housing, as well as the need to review and update the city’s AMI definition. Middle-income housing policies, like those implemented elsewhere (e.g., San Diego⁴²) should be explored. Other anti-displacement efforts should also be pursued, including an emergency tax relief program, providing support to ongoing anti-displacement efforts in the community, and contributing to commercial corridor revitalization (see Figure PRG-8, as well as the Commercial Corridor strategies in Ch. 5: Places). Future work should also explore the prospects for a basic income pilot.

42 Garrick, D. (2019, April 18). San Diego moving forward with middle-income housing incentive. *San Diego Union-Tribune*. <https://www.sandiegouniontribune.com/news/politics/story/2019-04-18/san-diego-moving-forward-with-middle-income-housing-incentive>

| Action Item #: PRG-2.1 | Support ongoing efforts from Green City Coalition, Washington University, and Missouri Dept. of Conservation to create the St. Louis Community Land Trust* |
|----------------------------------|--|
| Leader | SLDC |
| Potential Partners | Green City Coalition, Legal Services of Eastern Missouri, LRA, Missouri Department of Conservation, Vacancy Collaborative, WashU |
| Start Time | Year 2 |
| Duration | 1 year |
| Effort to Implement | High |
| Potential Funding | Community/philanthropic funding, Affordable Housing Trust |
| Goal/s | Serve as a liaison between community groups, philanthropic partners and government agencies to accomplish community affordable housing goals |
| Tracking Progress | Convene meeting of partners; identify goals and share with community; secure funding; establish legal structure of CLTs; identify target areas; acquire properties |



Vacant and abandoned homes along Delmar Ave.

*St. Louis Community Land Trust: Case Statement. (2020). The Rome Group and Green City Coalition. https://www.greencitycoalition.org/uploads/8/7/1/3/87139164/clt_casestatement.pdf

| Action Item #: PRG-2.2 | Conduct groundwork for land banking and community land trust efforts: |
|----------------------------------|---|
| PRG-2.2.1 | Assess neighborhood capacity and interest |
| PRG-2.2.2 | Evaluate LRA-owned properties for potential contribution to the Land Trust |
| Leader | SLDC |
| Potential Partners | Community Builders Network, Green City Coalition, Legal Services of Eastern Missouri, LRA, Missouri Department of Conservation, Vacancy Collaborative, WashU |
| Start Time | Year 2 |
| Duration | 1 year |
| Effort to Implement | High |
| Potential Funding | Community/philanthropic funding, Affordable Housing Trust |
| Goal/s | Establish CLT and ensure its solid legal and financial position to obtain and manage properties for the purpose of securing affordable housing; use the land trust to support other community goals (e.g., property stabilization, crime reduction) |
| Tracking Progress | Secure funding; establish legal structure of CLTs; identify target areas; acquire properties |



LRA-owned properties: 5356 Ridge Ave (left), 5223 Terry Ave (middle), 4560 Red Bud Ave (right)

Source: <https://www.stlouis-mo.gov/government/departments/slhc/real-estate/lra-owned-property-search.cfm>

REFERENCE



VACANCY COLLABORATIVE

St. Louis, MO



<https://www.stlvacancy.com/>

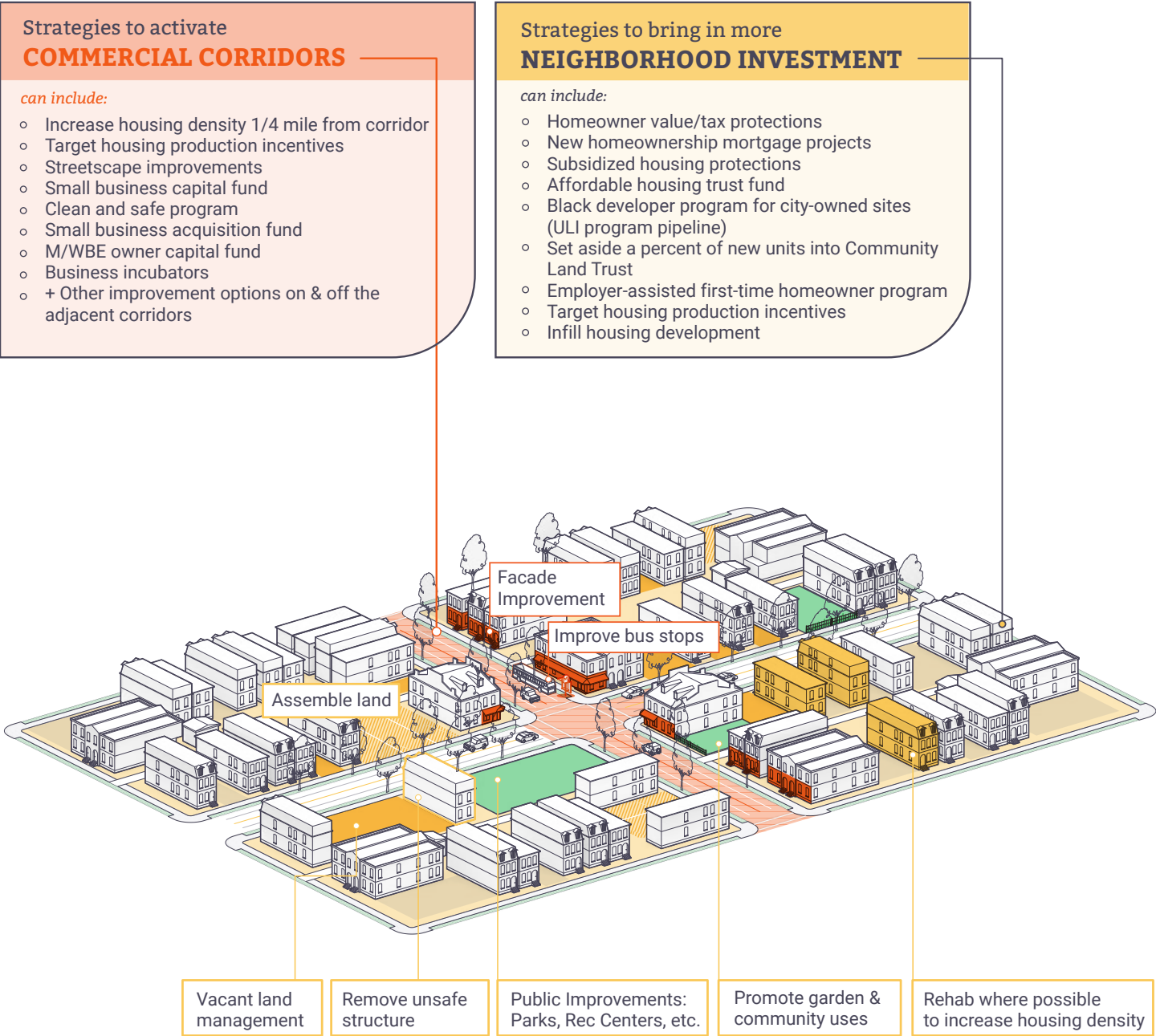


| | |
|-----------------------------------|---|
| Action Item #: PRG-2.3 | Conduct further research on whether other shared equity homeownership models – affordability covenants and cooperatives – should be used to supplement the housing offered through the community land trust |
| Leader | City |
| Potential Partners | LRA, Planning & Urban Design Agency, SLACO, Vacancy Collaborative, SLDC |
| Start Time | Year 2 |
| Duration | 12-24 months |
| Effort to Implement | Medium |
| Potential Funding | Internal, or local and national philanthropy |
| Goal/s | Establish permanently affordable housing; evaluate the viability of different models |
| Tracking Progress | Assessment of best shared equity homeownership model |
| Action Item #: PRG-2.4 | Develop an emergency tax assistance fund for residents that covers both renters and homeowners |
| Leader | City, Community Development Administration, SLDC |
| Potential Partners | Invest STL, Legal Services of Eastern Missouri, Vacancy Collaborative |
| Start Time | Year 1 |
| Duration | 12-24 months |
| Effort to Implement | High |
| Potential Funding | Local philanthropy |
| Goal/s | Promote anti-displacement; protect residents against unforeseen financial hardship; expand into a revolving fund associated with the circuit breaker policy that eligible property owners can access for assistance with initial payments and repay with the circuit breaker credit |
| Tracking Progress | Established fund |

| | |
|-----------------------------------|--|
| Action Item #: PRG-2.5 | Re-evaluate AMI standards for affordable and mixed-income housing requirements and adjust city standards to meet local needs |
| Leader | City, Community Development Administration, SLDC |
| Potential Partners | Invest STL, Legal Services of Eastern Missouri, Vacancy Collaborative |
| Start Time | Year 2 |
| Duration | 12-24 months |
| Effort to Implement | High |
| Potential Funding | Local philanthropy |
| Goal/s | Ensure that affordable housing standards reflect the current demand and needs of residents; reduce housing cost burden |
| Tracking Progress | Updated standards |
| Action Item #: PRG-2.6 | Perform a nexus study to determine how new developments in the city can be used to fund affordable housing or increase the number of affordable units |
| Leader | Affordable Housing Commission, City, Community Development Administration |
| Potential Partners | Legal Services of Eastern Missouri, LRA, SLACO, SLDC |
| Start Time | Year 2 |
| Duration | 12 months |
| Effort to Implement | Medium |
| Potential Funding | Affordable Housing Trust Fund, local philanthropy |
| Goal/s | Increase the affordable housing stock, including on- and off-site units; support sustainable funding streams for affordable housing |
| Tracking Progress | Completed study |

| | |
|--|--|
| Action Item #: <u>PRG-2.7</u> | Support the anti-displacement framework being developed by the Green City Coalition through the Community Land Trust steering committee and Anti-Displacement Working Group |
| Leader | Vacancy Collaborative |
| Potential Partners | LRA, Planning & Urban Design Agency, SLACO, Vacancy Collaborative, SLDC |
| Start Time | Year 1 |
| Duration | 1 year |
| Effort to Implement | Low |
| Potential Funding | N/A |
| Goal/s | Establish actionable anti-displacement mechanisms; preserve community affordability |
| Tracking Progress | Working group participation |
| Action Item #: <u>PRG-2.8</u> | Explore the possibility of engaging philanthropy to support a guaranteed or universal basic income pilot in the city |
| Leader | Mayor's Office |
| Potential Partners | Planning & Urban Design Agency, SLDC |
| Start Time | Year 2 |
| Duration | 6-12 months |
| Effort to Implement | Medium |
| Potential Funding | Outreach and exploration funded internally; funding for pilot from local or national philanthropy |
| Goal/s | Increase resident quality of life and reduce financial hardship |
| Tracking Progress | Outreach to potential philanthropies and/or partners |

Figure PRG-8. Strategies to activate commercial corridors and bring in more neighborhood investment



REFERENCE



THE OPPORTUNITY TRUST
St. Louis, MO



<https://theopportunitytrust.org/>



THERE MUST BE A COORDINATED CITYWIDE EFFORT AROUND GROWING THE BLACK/AFRICAN AMERICAN MIDDLE CLASS THROUGH A WORKING GROUP AND/OR TASK FORCE.

**Strategy
3**

Develop a plan to retain and grow the city's Black/African American middle class

The city's population loss is due in large part to its loss of Black/African American residents, and population retention strategies must focus on how to grow the Black/African American middle class. In part, this can be achieved through targeted efforts to align job growth and investment, including initiatives to elevate (and reduce disparities in) the quality of life across the city and improve the provision of city services, like elementary and secondary education.

Already, strides have been taken to improve the region's educational institutions, often mentioned as one of the main reasons for the city's population loss.⁴³ The Opportunity Trust is dedicated to improving the quality of the city and region's school systems. Specifically, its "goal ... is to grow the percentage of children attending world-class schools in St. Louis City from 10% to over 40% and ensure another 3,000 students in targeted districts of St. Louis County are in world-class schools," and it has raised over \$30 million.⁴⁴ Initiatives like this present a huge opportunity for place-making, as high-quality schools can be a population magnet, and for building the Black/African American middle class by reducing race- and place-based disparities in education and preparing the future workforce.

Many of the potential action items to address this are covered in Ch. 5: Places (e.g., Employment District and Commercial Corridor strategies), entrepreneurship

strategies in this chapter and Ch. 4: Clusters, and workforce strategies in this chapter (e.g., broad-based job growth focused on entry-level and middle-wage jobs). In addition to these strategies, there must be a coordinated citywide effort around growing the Black/African American middle class through a working group and/or task force, seeking to answer questions such as: Where is the Black/African American middle class now and where has it been historically? What are the key issues for Black/African American lower-middle class and how can they be supported? How can amenities and quality of life be restored and elevated in Black/African American middle-class neighborhoods? Answers to questions such as these should inform the city's efforts to support and uplift Black/African American residents and redress the disparate outcomes of past policies and practices on Black/African American residents, particularly males.

Although it was reported that "there are not a lot of models here," there are examples of successful place-based redevelopment models, in particular ones that have cultivated and strengthened Black/African American middle-class neighborhoods.⁴⁵ Friendly Temple, located on Dr. Martin Luther King Drive in the Wells-Goodfellow neighborhood, has a housing and community development team and has played a significant role in the development of surrounding areas.

43 Project interviews and roundtables

44 *Building a 21st Century Public School System: Strategic Overview.* (2020). The Opportunity Trust.

45 Project interviews and roundtables

| | |
|--|---|
| Action Item #: <u>PRG-3.1</u> | Create a citywide working group focused on growing the Black/African American middle class and use the task force to develop next steps and establish target growth numbers |
| Leader | Regional Chamber, Urban League |
| Potential Partners | Center for the Acceleration of African-American Business, Friendly Temple, Invest STL, Planning & Urban Design Agency, SLACO, faith-based institutions and other community anchors, SLDC |
| Start Time | Year 1 |
| Duration | 12-24 months |
| Effort to Implement | High |
| Potential Funding | Local or national philanthropy |
| Goal/s | Utilize collective input to develop targets around Black/African American middle-class growth; create short-, mid-, and long-term action plan |
| Tracking Progress | Number of new Black/African American middle-class households |
| Action Item #: <u>PRG-3.2</u> | Use the working group to partner with community members and institutions in historically Black/African American neighborhoods and support them on community-led planning initiatives |
| Leader | City |
| Potential Partners | Center for the Acceleration of African-American Business, Community Builders Network, Faith, For the Sake of All, Friendly Temple, Planning & Urban Design Agency, Regional Chamber, SLACO, Vacancy Collaborative, faith-based institutions and other community anchors, SLDC |
| Start Time | Year 1 |
| Duration | On-going |
| Effort to Implement | High |
| Potential Funding | Local or national philanthropy, TIF, Community Improvement District, City |
| Goal/s | Support community-led planning initiatives and growth |
| Tracking Progress | Number of community institutions engaged, number of new local plans |

“The red line is pink now - [it’s] not gone, [and] there are still barriers, but it’s better”

| | |
|-----------------------------------|--|
| Action Item #: PRG-3.3 | Scope potential redevelopment areas to support Black/African American middle-class neighborhoods |
| Leader | Board of Aldermen, City, Planning & Urban Design Agency, SLACO, working group, SLDC |
| Potential Partners | Black Caucus, Community Builders Network, Friendly Temple, North Star Collaborative, faith-based institutions and other community anchors |
| Start Time | Year 1 |
| Duration | 2 years |
| Effort to Implement | High |
| Potential Funding | Local or national philanthropy, TIF, Community Improvement District, City |
| Goal/s | Provide city support for community-led redevelopment efforts; lay the groundwork for eventually identifying 5-8 block areas to focus on; identify potential anchor businesses and other credit tenants to enhance bank financing |
| Tracking Progress | Identify redevelopment area(s) |
| Action Item #: PRG-3.4 | Focus marketing efforts for tools such as the Gateway Neighborhood Mortgage Program ("Greenlining Fund"), home-buyer repair funds, and first-time homebuyer programs on Black/African American middle-class households around the city and region |
| Leader | Board of Aldermen, City, Planning & Urban Design Agency, SLACO, working group, SLDC |
| Potential Partners | Community Development Administration, Friendly Temple, Invest STL, North Star Collaborative, CDFIs |
| Start Time | Year 2 |
| Duration | 6-12 months |
| Effort to Implement | Medium |
| Potential Funding | Local philanthropy |
| Goal/s | Tailor and target tools to support Black/African American middle-class neighborhoods |
| Tracking Progress | Frequency of program/tool usage in Black/African American middle-class neighborhoods |

| Action Item #: PRG-3.5 | Engage local employers and philanthropy about making a commitment to end the “digital divide” and prioritizing Black/African American neighborhoods for universal broadband investment |
|-----------------------------------|---|
| Leader | Board of Aldermen, City, Planning & Urban Design Agency, working group, SLDC |
| Potential Partners | Community Builders Network members, Invest STL, SLACO, employers |
| Start Time | Year 2 |
| Duration | 12-24 months |
| Effort to Implement | High |
| Potential Funding | Employer investment or local philanthropy |
| Goal/s | Eradicate the place- and race-based “digital divide”; promote reinvestment and catalyze other infrastructure investment in Black/African American neighborhoods |
| Tracking Progress | Number of employers engaged; secured funding for broadband investment in Black/African American neighborhoods |

Strategy 4

Coordinate a marketing approach for the city, tailored separately for current and prospective residents

Coordinated recruiting and consistent storytelling should be used to retain current residents, including young people and college students, as well as attract people to the city, including those coming from outside the region (and outside the country). The St. Louis region should be an attractive place for young people – its amenities, affordability, unique and vibrant neighborhoods, and relative proximity to other cities are examples of some of the draws – but this story needs to be packaged and tailored to this demographic. In Philadelphia, the Campus Philly initiative, started in 2002, is a broad-based effort to keep more of the city's college students. The initiative has been successful; from 2000 to 2017, the city's growth in residents ages 25-34 with a bachelor's degree was 115%, surpassed only by Washington, D.C.⁴⁶

Through the St. Louis Regional Business Chamber's Project 250, St. Louis has a similar initiative. Project 250 consists of "attract," "employ," "engage," and "retain" events to encourage college students from within a 250-mile radius to locate in greater St. Louis after graduating. As part of "engage," Project 250 offers visits to destinations throughout the region on "Hello STL Day."⁴⁷ Project 250 could be tailored specifically to live-work opportunities for recent college graduates in the city, and its programming could be expanded to offer greater exposure to the city's neighborhoods and amenities.

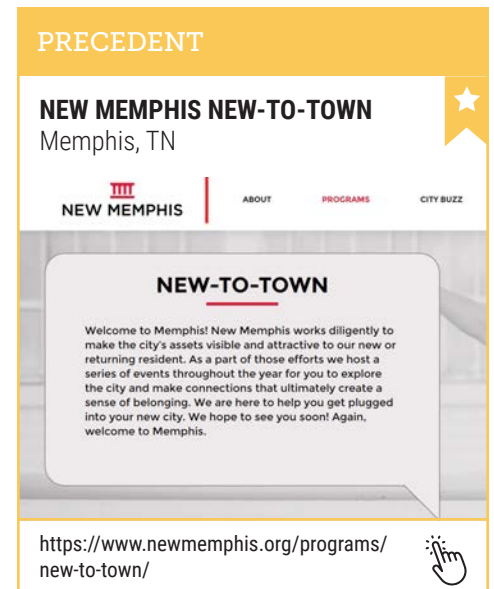
| Action Item #: <u>PRG-4.1</u> | Building on Project 250, consider creating a special focus on city live-work opportunities for recent college graduates |
|----------------------------------|---|
| Leader | Regional Chamber |
| Potential Partners | City, Commercial District Coalition, Harris-Stowe, International Institute, Mosaic Project, St. Louis Community College, St. Louis Midtown Redevelopment Corporation, St. Louis Realtors Urban Affairs Committee, SLU, STLMADE, Story Stitchers, UMSL, Vacancy Collaborative, WashU, SLDC |
| Start Time | Year 2 |
| Duration | 24+ months |
| Effort to Implement | Medium |
| Potential Funding | Regional Chamber |
| Goal/s | Utilize consistent storytelling to attract new people to the City; increase the city's live-work numbers |
| Tracking Progress | Number of new residents; ease of attracting people to the city (qualitative) |

⁴⁶ Philadelphia Renaissance: College student retention drives growth in the city and region. (2019). Campus Philly. https://campusphilly.org/wp-content/uploads/2019/04/CampusPhilly-PhiladelphiaRenaissance2019-web.pdf#utm_source=Website&utm_medium=AboutUs&utm_campaign=PhiladelphiaRenaissanceReport&utm_term=040919

⁴⁷ Project interviews and roundtables; Project 250. (n.d.). St. Louis Regional Chamber. Retrieved from <https://www.stlregionalchamber.com/project-250>

* New-to-Town. (n.d.). New Memphis. Retrieved from <https://www.newmemphis.org/programs/new-to-town/>

| Action Item #: <u>PRG-4.2</u> | Create a concierge or “first friend” service modeled on the New Memphis New-To-Town programming that (re-)introduces new and long-term residents to different neighborhoods of the city |
|-------------------------------|--|
| Leader | TBD |
| Potential Partners | City, Commercial District Coalition, Community Builders Network, Explore St. Louis, International Institute, Mosaic Project, Regional Chamber, St. Louis Realtors Urban Affairs Committee, STLMADE, Story Stitchers, Vacancy Collaborative, SLDC |
| Start Time | Year 2 |
| Duration | 24+ months |
| Effort to Implement | Medium |
| Potential Funding | National and local philanthropy; hotel tax |
| Goal/s | Expose new residents to different parts of the city; support local businesses across the city |
| Tracking Progress | Number of new residents utilizing the program |



DIVERSE ENTREPRENEURS AND ENTREPRENEURSHIP OPPORTUNITIES

Overview

The City of St. Louis is very diverse compared to the rest of the region and the U.S. About 56% of the city's population is non-white compared to 23% in the rest of the region and 40% in the U.S. Today, about 45% of St. Louis residents are Black/African American and another 11% are Hispanic, Asian, or member of other racial/ethnic groups.⁴⁸ (See Figure DE-1.)

The city, however, is not quite as diverse when it comes to entrepreneurship and business ownership, especially for larger, scaled businesses with employees. Annual Business Survey data for 2017 provides the most current snapshot of MWBEs in the City of St. Louis.⁴⁹ While racial minorities made up just over half (50.4%) of the working age population (25-64 year olds) in St. Louis in 2017, MBEs made up 41% of privately-held firms with employees, up significantly

from 2012 (22%).⁵⁰ Women made up about 51% of the working age population in the city, but WBEs accounted for only 31% of privately-held firms with employees, slightly higher than the share in 2012 (23%). About 42% of the city's working age population is Black/African American, and Black/African American-owned firms account for 34% of privately held firms with employees.^{51,52}

Although these statistics show underrepresentation relative to the working age population overall, the growth in share of MBEs and WBEs since 2012 is encouraging and the data confirm that St. Louis actually has more diverse business ownership than

ST. LOUIS IS VERY DIVERSE COMPARED TO THE REST OF THE REGION AND THE U.S. HOWEVER, IT IS NOT NEARLY AS DIVERSE WHEN IT COMES TO ENTREPRENEURSHIP AND BUSINESS OWNERSHIP, ESPECIALLY FOR LARGER, SCALED BUSINESSES.

48 U.S. Census Bureau American Community Survey 2018 1-year release

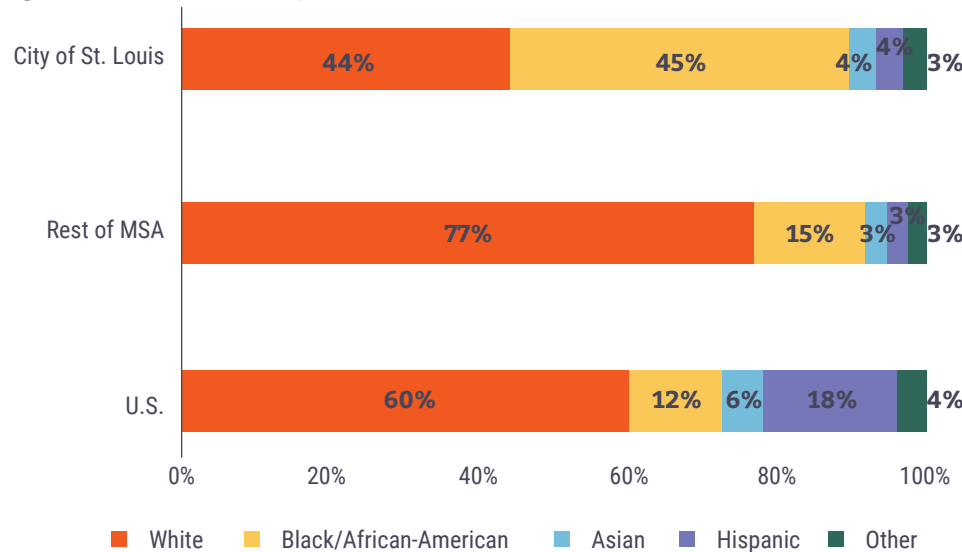
49 The Annual Business Survey data product from the U.S. Census Bureau replaces both the Annual Survey of Entrepreneurs (available from 2014 to 2016, and discontinued in 2016) and the Survey of Business Owners (available every 5 years, with the latest release in 2012).

50 It is important to note that these statistics and rankings do not – and due to data limitations, cannot – take the differing industry mix of firms by sex, race, and ethnicity into account. They are, however, controlled by the number of working age residents or reflects rates to allow for cross-geography comparisons.

51 Survey of Business Owners, 2012; Annual Business Survey, 2018 (note: reference year is 2017); U.S. Census Bureau American Community Survey 2017 5-year release

52 There are only 86 cities (out of the top 100) with data for Black/African American-owned, privately-held firms with employees. Rankings for Black/African American-owned firms are based on measures for these 86 cities.

Figure DE-1. Race/ethnicity of residents 2018



Source: U.S. Census Bureau American Community Survey 2018 1-year release

OUT OF THE TOP 100 US CITIES BY POPULATION, ST. LOUIS RANKS 1ST FOR BLACK/AFRICAN AMERICAN-OWNED FIRMS AS A SHARE OF ALL PRIVATELY HELD FIRMS WITH EMPLOYEES BUT NEAR THE BOTTOM FOR NUMBER OF EMPLOYEES PER FIRM AND REVENUE PER FIRM

other American cities; among the 100 largest US cities, the City of St. Louis ranks first for the share of businesses that are Black/African American-owned, first for share of businesses that are WBEs, and 14th for MBEs.⁵³ These findings are supported by other recent analysis of startup activity, showing that the St. Louis region has the highest share of women-owned startups (“less than two years in business”) out of the top fifty largest MSAs.⁵⁴

But the city is significantly more challenged when it comes to measures around MWBE firm size and revenues – that is, measures associated with firm growth and scaling – and in these areas, its rankings drop considerably. Out of the 100 largest cities, it ranks in the bottom ten for employees per firm and payroll per firm for WBEs, MBEs, and all privately-held firms with employees. Although average wages for employees at WBEs are relatively high (\$45.4K), ranking 11th out of the 100 largest cities, average wages at MBEs are much lower (\$28.2K, ranked 66th). Average wages for employees at Black/African American-owned firms in the city are less than half the levels at white-owned firms (\$17.7K vs. \$42.8K) and rank 82nd.

Revenues per firm are also low. In general, privately-held firms earn about \$1.5 million in annual revenue, putting the city third from the bottom among the top 100 cities. A closer examination reveals massive gaps in firm revenues by sex, race, and ethnicity: among privately-held firms with employees in St. Louis, the gaps range from 2.6X (firm revenues for male-owned firms vs. WBEs), to 8.6X (non-MBEs vs. MBEs), to 22.2X (white-owned firms vs. Black/African American-owned firms). Across almost all ownership

categories, revenues per firm in St. Louis hover at the bottom.⁵⁵ (See Figure DE-2.)

While these measures contextualize the City of St. Louis on a national scale, these challenges also play out within the region. Although the City of St. Louis reports higher shares of MBEs, WBEs, and Black/African American-owned firms than the region (and average wages for MBEs and WBEs exceed those in the region overall), its MBEs and WBEs tend to be smaller and have lower levels of revenue and payroll per firm. Revenues per firm for MBEs in the city are slightly over half of regional levels (54%) while revenues per firm for WBEs are more encouraging at 94% of regional levels. Black/African American-owned firms in the City of St. Louis earn just 10% of Black/African American-owned firm revenues in the nation, and 58% of the MSA value. The city also reports larger gaps between average firm size at MBEs and non-MBEs, WBEs and male-owned firms, and Black/African American-owned and white-owned firms than the region and the U.S. The average number of employees at a non-MBE firm in the city is over 4X the number at an MBE firm, nearly double the gap in the region (2.2X), and the average number of employees at a white-owned firm is almost 6X the number at a Black/African American-owned firm, almost 5X the gap in the U.S. Male-owned businesses in the city have about 2.2X the number of employees at a WBE firm, still slightly larger than the gaps in the region (1.8X) and U.S. (1.4X). These measures, which illustrate the extraordinary capital and scaling hardships that face entrepreneurs of color and female entrepreneurs, point to the outstanding need for greater support (e.g., startup and working capital, technical assistance, etc.), especially for Black/African Americans, in order to expand business opportunities for St. Louis entrepreneurs. (See Figure DE-3.)

⁵³ U.S. Census Bureau American Community Survey 2017 5-year release; Annual Business Survey, 2018 (note: reference year is 2017)

⁵⁴ Zacharias, J. (2019). Cities with the Most Female Entrepreneurs. Seek Business Capital. <https://www.seekcapital.com/blog/cities-with-the-most-female-entrepreneurs>

⁵⁵ Hispanic-owned, privately-held firms with employees rank 13th among 96 cities with data, but there are only about 100 firms in the City of St. Louis

Figure DE-2. City of St. Louis MWBE values and rankings against the top 100 largest cities for privately-held firms with employees, 2017

| Type of firm/rank | all privately-held firms | MBEs | non-MBEs | WBEs | male-owned firms | Black/AA-owned firms | white-owned firms |
|--|--------------------------|-----------|------------|------------|------------------|----------------------|-------------------|
| Ratio of Firms to Population (000s) | 49 | 40 | 59 | 30 | 59 | 40 | 58 |
| Rank | 7 | 2 | 36 | 3 | 10 | 1 | 21 |
| Employees per Firm | 9 | 3 | 13 | 5 | 11 | 2 | 13 |
| Rank | 95 | 99 | 63 | 100 | 89 | 85 | 59 |
| Payroll per Firm (\$K) | \$365.0 | \$83.7 | \$554.8 | \$227.9 | \$462.2 | \$38.4 | \$548.2 |
| Rank | 93 | 99 | 59 | 93 | 90 | 86 | 55 |
| Average Employee Wage (\$K) | \$41.0 | \$28.2 | \$42.9 | \$45.4 | \$41.1 | \$17.7 | \$42.8 |
| Rank | 54 | 66 | 55 | 11 | 65 | 82 | 51 |
| Revenue per Firm (\$K) | \$1,529.8 | \$279.4 | \$2,393.9 | \$774.5 | \$1,997.4 | \$106.9 | \$2,371.3 |
| Rank | 97 | 99 | 72 | 99 | 93 | 86 | 63 |
| Number of Cities (Out of Top 100) with Data | 100 | 99 | 100 | 100 | 100 | 86 | 100 |

Source: U.S. Census Bureau American Community Survey 2017 5-year release; Annual Business Survey, 2018 (note: reference year is 2017); Mass Economics analysis

Figure DE-3. MWBE summary table for privately-held firms with employees for City of St. Louis, the region, and the U.S., 2017

| | all privately-held firms | MBEs | non-MBEs | WBEs | male-owned firms | Black/African American-owned firms | white-owned firms |
|-------------------------------|--------------------------|-----------|-----------|-----------|------------------|------------------------------------|-------------------|
| Share of Firms | | | | | | | |
| City of St. Louis | 100% | 41% | 59% | 31% | 69% | 34% | 61% |
| St. Louis MSA | 100% | 18% | 82% | 25% | 75% | 12% | 83% |
| U.S. | 100% | 19% | 81% | 21% | 79% | 2% | 87% |
| Employees/Firm | | | | | | | |
| City of St. Louis | 8.9 | 3.0 | 12.9 | 5.0 | 11.2 | 2.2 | 12.8 |
| St. Louis MSA | 11.2 | 5.7 | 12.3 | 7.4 | 13.2 | 3.6 | 12.3 |
| U.S. | 11.5 | 8.8 | 12.2 | 8.9 | 12.9 | 9.7 | 11.9 |
| Payroll/Firm (\$K) | | | | | | | |
| City of St. Louis | \$365.0 | \$83.7 | \$554.8 | \$227.9 | \$462.2 | \$38.4 | \$548.2 |
| St. Louis MSA | \$446.8 | \$144.6 | \$507.4 | \$239.1 | \$570.2 | \$64.1 | \$501.7 |
| U.S. | \$478.2 | \$290.6 | \$524.1 | \$316.8 | \$570.8 | \$291.2 | \$505.0 |
| Average Wage (\$K) | | | | | | | |
| City of St. Louis | \$41.0 | \$28.2 | \$42.9 | \$45.4 | \$41.1 | \$17.7 | \$42.8 |
| St. Louis MSA | \$40.0 | \$25.4 | \$41.2 | \$32.3 | \$43.3 | \$17.8 | \$40.9 |
| U.S. | \$41.6 | \$33.0 | \$43.1 | \$35.6 | \$44.3 | \$29.9 | \$42.4 |
| Revenue per Firm (\$K) | | | | | | | |
| City of St. Louis | \$1,529.8 | \$279.4 | \$2,393.9 | \$774.5 | \$1,997.4 | \$106.9 | \$2,371.3 |
| St. Louis MSA | \$2,218.0 | \$513.0 | \$2,503.3 | \$823.8 | \$2,941.6 | \$184.7 | \$2,467.9 |
| U.S. | \$2,317.9 | \$1,381.1 | \$2,550.1 | \$1,313.6 | \$2,878.6 | \$1,031.0 | \$2,449.1 |

Source: Annual Business Survey, 2018 (note: reference year is 2017); Mass Economics analysis

Diverse Entrepreneurs Opportunities

MANY MWBES FACE SIGNIFICANT CAPITAL CHALLENGES. IN 2014, JUST UNDER THREE-QUARTERS (74%) OF BLACK/AFRICAN AMERICAN-OWNED BUSINESSES AND ABOUT TWO-THIRDS (67%) OF ALL MINORITY-OWNED BUSINESSES RECEIVED OWNER-FUNDING FROM PERSONAL SAVINGS, RETIREMENT ACCOUNTS, HOME EQUITY LOANS, OR OTHER FUNDS FROM WHICH THE OWNER BORROWS PERSONALLY, COMPARED TO ONLY 53% FOR WHITE-OWNED FIRM.

The St. Louis region's innovation and entrepreneurship ecosystem is well regarded in many science and technology clusters (e.g., agtech, life sciences, fintech), but project interviewees expressed concern about diversity and inclusion in some of these fields.⁵⁶ Overall, there was dissatisfaction with the degree of success to date but also commitment to improving inclusion and diversity in innovation and entrepreneurship in the city.⁵⁷ Organizations like BioSTL have dedicated resources to diversifying these fields but comprehensive and current demographic data on founders does not yet exist. Encouragingly, a number of innovation (ISOs) and entrepreneurship support organizations (ESOs) are developing processes to better measure outcomes around diversity and inclusion. For example, members of the St. Louis Equity in Entrepreneurship Collective, a regional effort made up of over 150 representatives from BioSTL, Cortex, CIC, CET, Venture Café, BioGenerator, Arch Grants, ITEN, T-REX, and numerous other non-profit and government entities, are collaboratively reassessing their operational definitions of equity and inclusion, their inclusion strategies (across capital, talent, training and mentoring, wayfinding, etc.) and metrics to evaluate and track outcomes. The Regional Chamber also offers a Diverse Business Accelerator to help scale minority-owned firms.⁵⁸ As illustrated in the most recent (2017)

national examination of lending patterns for small businesses, many MWBEs face significant capital challenges. In 2014, just under three-quarters (74%) of Black/African American-owned businesses and about two-thirds (67%) of all minority-owned businesses received owner-funding from personal savings, retirement accounts, home equity loans, or other funds from which the owner borrows personally, compared to only 53% for white-owned firms. MWBEs are also more likely to receive funding from friends and families: 22% of all MBEs, 19% of Black/AA-owned businesses, and 14% of WBEs received this type of capital compared to 12% of male-owned and 11% of white-owned firms. The data suggest that a greater reliance on personal wealth and friends and family wealth could be due to fewer options for traditional borrowing: of business owners that applied to banks for a loan, about 75% of both male-owned and white-owned small business applicants were approved compared to only 67% of female, 61% of minority, and 47% of Black/African American applicants. Among business owners who received a loan from a bank, 42% of male and 39% of white applicants received a loan for more than \$100K compared to only 33% of female and 31% of Black/African American applicants.⁵⁹

Similar patterns appear likely to affect MWBEs in St. Louis City, where overall small business lending is only about 58% the U.S. rate (29 loans per 1K jobs versus 49). The gap is even larger for small loans of <\$100K (26 loans per 1K jobs versus 46) and for loans to businesses with <\$1M in revenue (13 loans per 1K jobs versus 25). (See Figure DE-4.)

⁵⁶ Project interviews and roundtables

⁵⁷ Project interviews and roundtables

⁵⁸ The cluster strategies presented in the earlier sections reflect a deliberate attempt to increase the share of middle-wage jobs in the St. Louis City economy. The middle-wage job share in the target clusters is 21%, compared with 9% in the rest of the job base today. However, strong middle-wage job creation in St. Louis City is a necessary but not sufficient condition for ensuring a broad-based prosperity that improves the lives of St. Louisans across racial groups, socioeconomic status, level of formal education, and neighborhood. For middle-wage job to improve the lives of less-advantaged workers, employers and intermediaries must ensure that middle-wage employment opportunities are a source of stability and opportunity and where possible, entry-level positions provides entrée into middle-wage jobs and careers. Getting this right requires focusing on the workplace itself as a crucial site for translating the City's economic growth into inclusive and equitable opportunities for income and wealth creation.

⁵⁹ Board of Governors of the Federal Reserve System. (2017). *Report to the Congress on the Availability of Credit to Small Businesses*. Retrieved from <https://www.federalreserve.gov/publications/2017-september-availability-of-credit-to-small-businesses.htm>

Maintaining the affordability of commercial space in the City of St. Louis can also be a significant challenge for entrepreneurs and start-ups looking for their first space and for later-stage companies looking to expand.⁶⁰ Cortex, which has dedicated a significant amount of space for young companies, is widely viewed as affordable only for very small firms that do not require much space and for venture-backed and other financially robust entities.⁶¹ There are significant opportunities for the (re)development of vacant and underutilized parcels and land assemblies to support the construction and/or rehab of commercial/industrial space in the City of St. Louis. In addition, small business incubators that offer wraparound

supports and TA and are located in the city's commercial corridors could help support individual entrepreneurs and start-ups, as well as help businesses with at least a few employees grow and expand. Addressing information gaps and biases – unconscious or otherwise – with regards to what real estate products and space are available (and to whom they're shown) is another important issue affecting minority- and women-owned businesses.⁶² Supporting diverse businesses is an imperative, as it bolsters entrepreneurship opportunities broadly and also stands to expand job opportunities for a diverse workforce.

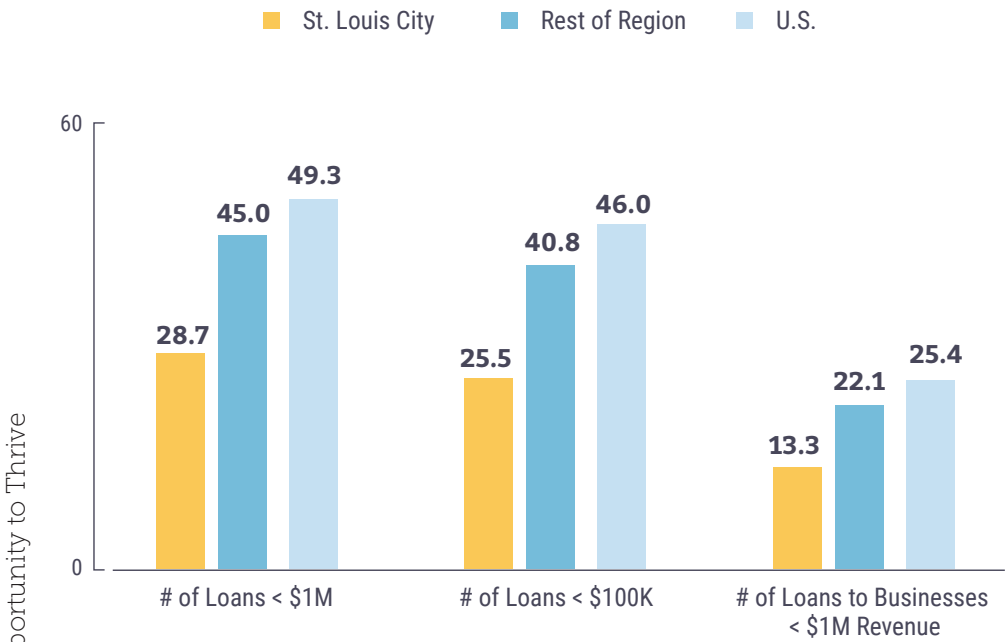
MAINTAINING THE AFFORDABILITY OF COMMERCIAL SPACE IN THE CITY OF ST. LOUIS CAN ALSO BE A SIGNIFICANT CHALLENGE FOR ENTREPRENEURS AND START-UPS LOOKING FOR THEIR FIRST SPACE AND FOR LATER-STAGE COMPANIES LOOKING TO EXPAND.

60 Project interviews and roundtables

61 Project interviews and roundtables

62 Project interviews and roundtables

Figure DE-4. Small business lending in St. Louis per 1K jobs, 2015-2017



Source: FFIEC-CRA loan data, 2015-2017; QCEW-UDP, 2017

Strategies and Action Items

| | |
|-------------------|--|
| Strategy 1 | Re-conceptualize SLDC's diversity programming beyond certification and enforcing MWBE construction contracting requirements |
|-------------------|--|

Although SLDC does certify MWBEs and maintain MWBE contracting requirements, SLDC should expand these requirements so that they apply to more activities (i.e., purchasing) beyond construction contracts to increase the number of MWBE firms with which it contracts. In addition, it should adopt stricter enforcement policies to ensure that the requirements are actually being upheld. Recent studies affirm that there are still low levels of government contracts with minority-owned firms. Some cities have remedied this with enforcement; in Philadelphia, minority contracting requirements are strictly enforced, and in the last three years, "Philadelphia has disbarred three vendors from working with the city that violated minority contracting regulations."⁶³

SLDC should also ensure that minority- and women-owned businesses are not deterred from seeking certification because the process is too cumbersome. Beyond this, SLDC should consider tracking metrics around MWBE programming to determine whether the programs are effective and providing sufficient support to MWBE businesses.

63 Burrell, C. (2020, February 20). *Disparities In Government Contracting Hurt Minority-Owned Businesses*. NPR.Org. <https://www.npr.org/2020/02/20/807126443/disparities-in-government-contracting-hurt-minority-owned-businesses>

| Action Item #: <u>DE-1.1</u> | Expand MWBE (sub-)contracting requirements and adopt stricter enforcement policies to ensure that the requirements are being met |
|------------------------------|--|
| Leader | SLDC |
| Potential Partners | City (Disadvantaged, Minority, and Women Owned Business Enterprises), Missouri Office of Equal Opportunity, SLATE |
| Start Time | Year 1 |
| Duration | 3-12 months |
| Effort to Implement | High |
| Potential Funding | N/A |
| Goal/s | Prioritize local MWBEs for SLDC contracts; track, aggregate, and disseminate diversity reports |
| Tracking Progress | Number of SLDC contracts awarded to MWBE firms |
| Action Item #: <u>DE-1.2</u> | Conduct survey of minority- and women-owned businesses to get their feedback on the process and revise accordingly |
| Leader | SLDC |
| Potential Partners | African, Asian, Black, Bosnian, and Hispanic Chambers of Commerce; City (Disadvantaged, Minority, and Women Owned Business Enterprises) |
| Start Time | Year 1 |
| Duration | 3-12 months |
| Effort to Implement | Medium |
| Potential Funding | N/A |
| Goal/s | Reduce administrative barriers to companies seeking MWBE certification; survey both certified MWBEs and firms without MWBE certification that considered getting certified; revise and streamline the certification process to become MWBE-certified based on their feedback |
| Tracking Progress | Number of minority- and women-owned businesses asked for feedback on the certification process, number of firms that gain MWBE certification |

| Action Item #: <u>DE-1.3</u> | Working with partners, track metrics that gauge the health of the city's MWBEs and the effectiveness of programs that serve these businesses |
|---------------------------------|--|
| Leader | SLDC |
| Potential Partners | African, Asian, Black, Bosnian, and Hispanic Chambers of Commerce; St. Louis Equity in Entrepreneurship Collective |
| Start Time | Year 1 |
| Duration | 3-12 months |
| Effort to Implement | Medium |
| Potential Funding | N/A |
| Goal/s | Develop holistic set of inclusion metrics and the necessary organizational infrastructures to track outcomes |
| Tracking Progress | Development of inclusion metrics and years tracked |

SLDC SHOULD ALSO ENSURE THAT MINORITY- AND WOMEN-OWNED BUSINESSES ARE NOT DETERRED FROM SEEKING CERTIFICATION BECAUSE THE PROCESS IS TOO CUMBERSOME.

Strategy 2

Help improve the capital stack and lending outcomes for MWBE firms and develop business supports for MWBE firms

The city's small business lending environment is woefully weak and underperforming and, for MWBE applicants that face lower loan approvals, the situation is even worse; MWBE applicants are disproportionately forced to dip into personal savings, take out home equity loans, or try to get capital from friends and families.⁶⁴ While the \$10M Contractor Loan Fund program – a revolving loan fund supporting MWBE construction contractors in the City of St. Louis – is a good, if underutilized,⁶⁵ start, a MWBE loan fund to support a broader set of firms would help address some of the capital challenges. SLDC can evaluate other national initiatives that seek to increase capital for minority-owned businesses and disseminate findings to local ESOs. For example, InvestNOLA is New Orleans Business Alliance initiative that provides business supports, mentoring, and growth opportunities for MWBE firms.⁶⁶

⁶⁴ Board of Governors of the Federal Reserve System. (2017). *Report to the Congress on the Availability of Credit to Small Businesses*. Retrieved from <https://www.federalreserve.gov/publications/2017-september-availability-of-credit-to-small-businesses.htm>

⁶⁵ Project interviews and roundtables; Contractor Loan Fund. (n.d.). <http://clfstl.org/index.php>

⁶⁶ InvestNOLA. (n.d.). New Orleans Business Alliance. Retrieved from <https://www.nolaba.org/investnola/>

| Action Item #: <u>DE-2.1</u> | Convene working group to consider the Invest NOLA model and to adapt the model for St. Louis |
|---------------------------------|--|
| DE-2.1.1 | Engage the CDFI collaborative in identifying where bias exists in financial underwriting and eliminating the notion of race as risk |
| DE-2.1.2 | Identify which high-growth industries are the best fit for St. Louis to support with the program |
| DE-2.1.3 | Determine guiding principles of the program |
| DE-2.1.4 | Identify and procure funding for the program |
| Leader | SLDC |
| Potential Partners | CDFI Coalition, Federal Reserve Bank of St. Louis, Justine Petersen, LDC, Regional Chamber, SLEDP, WEPOWER, MWBE firms, select capital providers and commercial loan officers |
| Start Time | Year 1 |
| Duration | 3-12 months |
| Effort to Implement | Medium |
| Potential Funding | N/A |
| Goal/s | Understand and document the capital needs and gaps facing MWBE firms in St. Louis; understand and provide input on proposals to modernize the requirements of the Community Reinvestment Act (CRA); identify best practices among local capital providers; develop presentation of St. Louis MWBE firms' capital gaps and needs for sharing and working with local capital providers; expand and increase MWBE lending |
| Tracking Progress | Attendance at convenings, completion of presentation that documents MWBE firms' capital challenges and needs in St. Louis, number and dollar value of loans made (by type, size, term, etc.) |

PRECEDENT

INVESTNOLA
New Orleans, LA



<https://www.nolaba.org/investnola/>



PRECEDENT

The 800 Initiative
Memphis, TN



the800.org/index.html



Action Item #:
DE-2.2

Develop a mentorship program and/or resource network between MWBE business owners and members of the advisory team, STL Angel Network and other local business executives

| | |
|---------------------|--|
| Leader | SLDC |
| Potential Partners | Justine Petersen, SBA, CDFIs, lenders, national or local philanthropy |
| Start Time | Year 1 |
| Duration | Ongoing |
| Effort to Implement | Medium |
| Potential Funding | CDFIs, federal/state/local government, local or national philanthropy |
| Goal/s | Increase access to financial guidance and mentorship for MWBE businesses |
| Tracking Progress | Number of MWBE entrepreneurs receiving guidance |

Action Item #:
DE-2.3

Collaborate with local universities to develop and make available a 6-month executive education program for entrepreneurs of color

| | |
|---------------------|---|
| Leader | SLDC |
| Potential Partners | SLU, WashU, WEPOWER, national or local philanthropy |
| Start Time | Year 2 |
| Duration | 12-18 months |
| Effort to Implement | Medium |
| Potential Funding | CDFIs, federal/state/local government, local or national philanthropy, universities |
| Goal/s | Provide formal educational training for program participants; tailor the program to customer acquisition; engage with and learn from national models, such as the 800 Initiative, Interise's Streetwise 'MBA,' Cincinnati's Minority Business Accelerator, and CO.LAB's CO.STARTERS |
| Tracking Progress | Number of entrepreneurs enrolled |

| | |
|---|---|
| Action Item #: <u>DE-2.4</u> | Deploy the growth capital consortium that will launch an entrepreneurs-of-color fund offering innovative loan capital products where repayment terms are tied to growth benchmarks of participating business applicants |
| Leader | SLDC |
| Potential Partners | CDFI working group, Invest STL, Justine Petersen, SBA, CDFIs, lenders, national or local philanthropy |
| Start Time | Year 1 |
| Duration | Ongoing |
| Effort to Implement | Medium |
| Potential Funding | CDFIs, federal/state/local government, local or national philanthropy |
| Goal/s | Increase access to capital for MWBE businesses; include both equity and debt capital to support entrepreneurs of color, leveraging loan loss reserves, loan guarantees, and risk reduction strategies to ensure a responsive and equitable capital market |
| Tracking Progress | Number and dollar value of loans made (by type, size, term, etc.) |
| Action Item #: <u>DE-2.5</u> | Build out multiple on-ramps to apply to the program; have staff and the advisory team provide vetting functions to funnel investment-ready entrepreneurs into the pipeline |
| DE-2.5.1 | Adopt policies and procedures for connecting entrepreneurs that are selected for the program to appropriate resources, including investors and lenders |
| DE-2.5.2 | Adopt policies and procedures for connecting entrepreneurs that are not selected for the program to the local network of technical assistance and capital providers |
| Leader | SLDC |
| Potential Partners | Invest STL, Justine Petersen, SBA, CDFIs, lenders, national or local philanthropy |
| Start Time | Year 2 |
| Duration | Ongoing |
| Effort to Implement | Medium |
| Potential Funding | CDFIs, federal/state/local government, local or national philanthropy |
| Goal/s | Increase access to capital for MWBE businesses |
| Tracking Progress | Number and dollar value of loans made (by type, size, term, etc.) |

| | |
|----------------------------------|--|
| Action Item #: DE-2.6 | Launch a marketing campaign for the program branded in the national and global capital market to attract social purpose investing and CRA investments |
| Leader | SLDC |
| Potential Partners | Justine Petersen, SBA, CDFIs, lenders, national or local philanthropy |
| Start Time | Year 2 |
| Duration | Ongoing |
| Effort to Implement | Medium |
| Potential Funding | CDFIs, federal/state/local government, local or national philanthropy |
| Goal/s | Grow awareness of the program locally and nationally |
| Tracking Progress | Number of unique visits to program website |
| Action Item #: DE-2.7 | Create a MWBE working group to identify and resolve barriers that exist in accessing funds from the Contractor Loan Fund |
| Leader | SLDC |
| Potential Partners | City |
| Start Time | Year 1 |
| Duration | 12 months |
| Effort to Implement | High |
| Potential Funding | N/A |
| Goal/s | Increase utilization of contractor loan fund; ensure that the fund has sufficient funding and personnel |
| Tracking Progress | Number of businesses utilizing contractor loan fund |

Strategy 3

Create programs for more efficiently matching local small businesses to affordable space opportunities throughout the city and broadly disseminate information about these efforts to MWBEs and would-be entrepreneurs from diverse communities

Finding affordable commercial space for entrepreneurs and start-ups and later-stage companies looking to expand can be challenging for firms – both due to information gaps and availability of real estate product. Addressing this issue through transparent data, business real estate matching programs, innovative land models, and small business incubators can help attract, retain, and support local small businesses in the City of St. Louis. Action items relevant to this strategy are addressed in the Place, commercial corridor, city-building, and other sections of the report.

Small businesses in the city vary in scale, location and type ▼

South Public Market on South Broadway



Small businesses fronting Natural Bridge Ave. near Goodfellow Blvd.



Rockwell Beer Company on South Vandeventer Ave.



“We have accelerators, incubators, and co-working spaces but as firms start to scale up, [they] need something bigger and newer, with newer amenities. We don’t have that graduation space.”

| | |
|------------------------------|---|
| Action Item #: DE-3.1 | Develop a mobile-friendly online platform where businesses can search for property owner-submitted spaces in the city |
| Leader | SLDC |
| Potential Partners | Commercial District Coalition, Regional Chamber (specifically its Diverse Business Accelerator program), neighborhood associations |
| Start Time | Year 2 |
| Duration | 3-12 months |
| Effort to Implement | Medium |
| Potential Funding | Internal |
| Goal/s | Support local and diverse entrepreneurs and (MWBE) small business owners in the city’s commercial corridors; regularly update the platform and provide option for automated matching notifications; use the Business Assistance Center to conduct outreach and relay information through in-person or non-digital channels where needed |
| Tracking Progress | Number of businesses helped |

**Strategy
4****Create a business formalization program for small-scale businesses and identify marketplaces or pop-ups in commercial corridors**

Related to these real estate challenges facing entrepreneurs and small business owners is a need for business formalization support. SLDC should seek to understand the regulatory and administrative challenges facing entrepreneurs, then create a business formalization program and continue to support businesses' real estate needs by marketing available spaces along commercial corridors.

| Action Item #: DE-4.1 | Convene a working group to identify ways that permitting and regulatory functions of local government can be streamlined for formalizing new neighborhood-based businesses |
|----------------------------------|--|
| Leader | SLDC |
| Potential Partners | City, Commercial District Coalition, Legal Services of Eastern Missouri's Economic Development Project, SLU Law Entrepreneurship and Community Development Clinic, Square One, WashU Entrepreneurship and Intellectual Property Clinic, small businesses |
| Start Time | Year 2 |
| Duration | 3-12 months |
| Effort to Implement | Medium |
| Potential Funding | N/A |
| Goal/s | Identify best practices to reduce regulatory burden on small businesses |
| Tracking Progress | Feedback from small business community |
| Action Item #: DE-4.2 | Create a business formalization program |
| Leader | SLDC |
| Potential Partners | City, Commercial District Coalition, Invest STL, St. Louis Makes, STLMADE, WEPOWER's Elevate/Elevar Accelerator |
| Start Time | Year 2 |
| Duration | 3-12 months |
| Effort to Implement | Medium |
| Potential Funding | N/A |
| Goal/s | Help formalize small, unincorporated businesses |
| Tracking Progress | Number of formalized businesses |

FINDING AFFORDABLE COMMERCIAL SPACE FOR ENTREPRENEURS AND START-UPS AND LATER-STAGE COMPANIES LOOKING TO EXPAND CAN BE CHALLENGING FOR FIRMS – BOTH DUE TO INFORMATION GAPS AND AVAILABILITY OF REAL ESTATE PRODUCT.

| Action Item #: <u>DE-4.3</u> | Market spaces that can be used for pop-ups along commercial corridors |
|---------------------------------|--|
| Leader | SLDC |
| Potential Partners | City, Invest STL, St. Louis Makes, STLMADE, WEPOWER's Elevate/Elevar Accelerator |
| Start Time | Year 1 |
| Duration | Ongoing |
| Effort to Implement | Medium |
| Potential Funding | N/A |
| Goal/s | Find (temporary or shared) space to support new business growth |
| Tracking Progress | Number of businesses in pop-ups or marketplaces throughout the city |

EMPLOYER PRACTICES

Overview

After years of decline, regions across the U.S. have seen increases in middle-wage jobs, defined as good-paying jobs for workers without four-year degrees.⁶⁷ Despite this growth, there are still too few middle-wage jobs nationally, as well as in many local labor markets. Between 2010 and 2018, middle-wage jobs (defined as occupations paying between \$35K and \$50K nationally in 2018) only grew by 11% across the U.S. while low and high wage jobs both grew by about 15%.⁶⁸ Middle-wage occupations grew the most in the St. Louis MSA (almost 10%), followed by low wage jobs (9%) and high wage jobs (7%).⁶⁹ In the City of St. Louis, middle-wage occupations essentially flatlined, growing only two-fifths of a percent while high wage jobs grew by 6% and low wage jobs grew by 4%.⁷⁰ Creation, attraction, and retention of middle-wage jobs in the city is critical for generating broad-based opportunities.

The cluster strategies present a deliberate attempt to increase the share of middle-wage jobs in the St. Louis City economy. The middle-wage job share in the target clusters is 21%, compared with 9% in the rest of the job base today.⁷¹ However, strong middle-wage job creation in St. Louis City is a necessary but not sufficient condition for ensuring a broad-based prosperity that improves the lives of St. Louisans across racial groups, socioeconomic status, level of formal education, and neighborhood. For middle-wage jobs to improve the lives of less-advantaged workers, employers and intermediaries must ensure that middle-wage

employment opportunities are a source of stability and opportunity and where possible, entry-level positions provides entrée into middle-wage jobs and careers. Getting this right requires focusing on the workplace itself as a crucial site for translating the city's economic growth into inclusive and equitable opportunities for income and wealth creation.

Equitable workplace cultures combined with employer retention and advancement practices can play a significant role in shaping the economic trajectory of less-advantaged workers. Discussion of economic outcomes tends to focus on the role of formal education in shaping employment and wages and for good reason: college graduates make an average of about \$30,000 more than workers with only a high school degree and are much less susceptible to unemployment when economic growth slows.^{72,73} But exclusive focus on education overlooks other factors that shape employment and wage outcomes such as total work experience, years with a specific employer (i.e., job tenure), quality of job match, and skills acquisition of the job, factors that are especially important for workers without four-year degrees.⁷⁴ Notably, these factors can be strongly influenced by employer practices that focus on retention, learning, and advancement for entry- and middle-wage workers. Such practices can create more stable and well-

paying employment opportunities for St. Louisans, while having the added benefit of expanding the pool of workers available to employers and reducing turnover, two key goals of workforce policy. Additionally, with increased perception of job security, workers are more likely to invest in job-specific skills, benefitting both workers and firms.⁷⁵

Practices that improve retention can be especially important for supporting income growth for workers of color. Nationally, Black/African American and Hispanic workers are significantly more likely to have lower tenure at their current jobs than white workers.⁷⁶ (See Figure EP-1.) (Although data are not available for individual cities, it seems unlikely that St. Louis is an exception to this pattern.) In project roundtables, local experts also emphasized the potential for better on-boarding and retention practices to overcome issues with bias in the workplace. One practitioner commented, "We ran into

75 Lazear, Edward P. "Firm-Specific Human Capital: A Skill-Weights Approach," *Journal of Political Economy*, Vol. 117, No. 5 (October 2009), pp. 914-940

76 *Employee Tenure in 2018*. (2018). Bureau of Labor Statistics. <https://www.bls.gov/news.release/pdf/tenure.pdf>

67 Sommers, P., and Osborne, D. (2009). *Middle-Wage Jobs in Metropolitan America* (Metro Economy Series). Metropolitan Policy Program at Brookings. https://www.brookings.edu/wp-content/uploads/2016/06/0610_employment_report.pdf

68 BLS OES data, 2010-2018

69 BLS OES data, 2010-2018

70 MERIC OES data, 2010-2018

71 QCEW 2018; Note data for target clusters includes all clusters other than software tech and geospatial, both of which lack industry definitions.

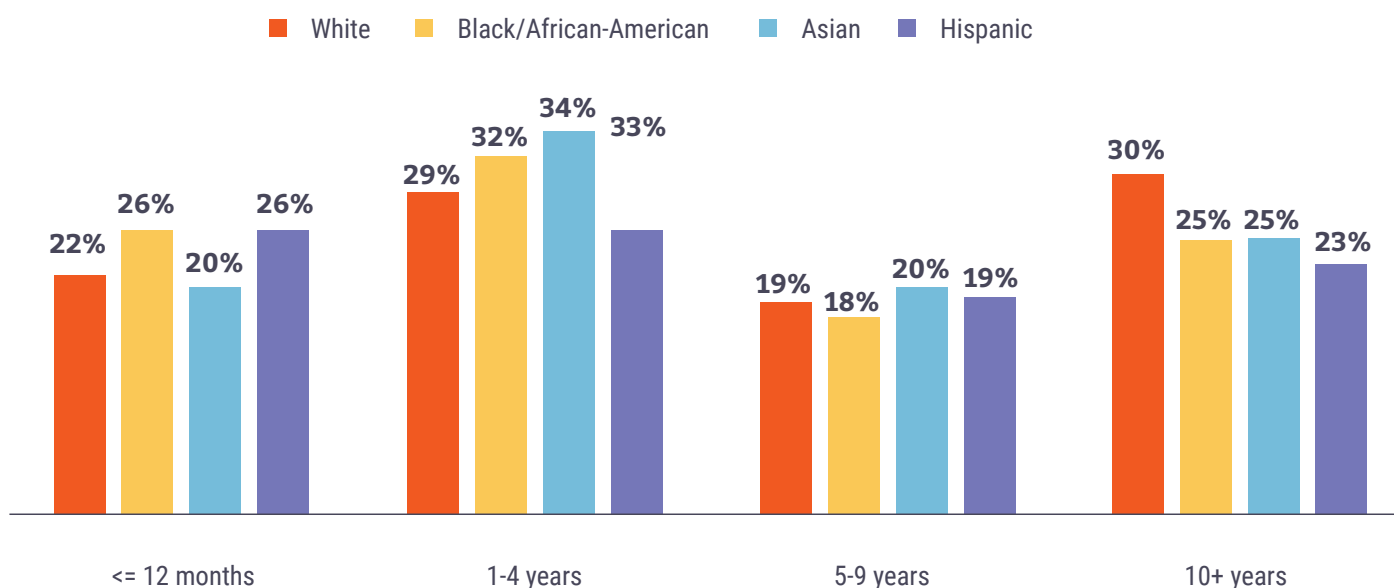
72 Abel, J. R., and Deitz, R. (2019). *Despite Rising Costs, College is Still a Good Investment* (Liberty Street Economics). Federal Reserve Bank of New York. https://libertystreeteconomics.newyorkfed.org/2019/06/despite-rising-costs-college-is-still-a-good-investment.html?mod=article_inline

73 At the peak of the Great Recession, the unemployment rate for job seekers with four-year college degrees was 5.0% compared to 9.0% for those with some college, 11.2% for those with no more than a high school degree, and 15.6% for those with less than a high school degree. See: *Is the dramatic increase in the national unemployment rate spread equally across demographic groups or have some been hit harder than others?* (2010, August). Federal Reserve Bank of San Francisco. <https://www.frbsf.org/education/publications/doctor-econ/2010/august/unemployment-rate-demographics/>

74 Dustmann, C., and Meghir, C. (2005). "Wages, Experience and Seniority," *The Review of Economic Studies*, 72(1), 77-108.

PRACTICES THAT
IMPROVE RETENTION
CAN BE ESPECIALLY
IMPORTANT FOR
SUPPORTING INCOME
GROWTH FOR WORKERS
OF COLOR.

Figure EP-1. Job tenure by race for employed wage and salary workers ages 16 and older, U.S., 2018



Source: BLS, Employee Tenure, 2018

“Even when you get in the door and have leadership support, it’s not always trickling down in an authentic way to make it a positive experience on both sides.”

problems where big corporations gave us money and said they wanted interns, but the actual supervisors questioned: ‘Who is this 19-year-old black guy?’ More broadly, this expert noted, “Even when you get in the door and have leadership support, it’s not always trickling down in an authentic way to make it a positive experience on both sides.”

Employers can also play a critical role

providing wraparound supports that allow the most economically and socially vulnerable workers to find and hold jobs and move towards economic self-sufficiency. Local experts believe that in strong labor markets, like those of the late 2010s, such practices can be the key to translating economic growth into broad-based prosperity. Noting the challenges that some workers face with issues like housing and transportation, one practitioner noted, “With so much demand, we can just provide training to increase supply, [but it] doesn’t always equate to an easy win.”⁷⁷

77 Project interviews and roundtables

Strategies and Action Items

We propose several initiatives to improve labor market outcomes for low- and middle-income St. Louisans. The first is the creation of a St. Louis employer consortium to promote equity, inclusion, job quality, and economic opportunity. This group would act to create and stabilize workplace opportunities for a broad range of St. Louisans through measures like adopting inclusive hiring practices; creating stronger linkages with the City's education and training institutions;⁷⁸ establishing retention-oriented on-boarding processes; creating mentoring practices for entry-level and middle-wage workers; developing early-tenure career ladders; and holding diversity trainings and working towards bias-free workplaces. Establishment of a group like this would be relatively cutting edge but examples do exist. Portland Means Progress, for example, brings together corporations committed to bridging the racial divide with programming and practices but with less emphasis on the experiences and progression of entry-level and middle-wage workers than we propose for St. Louis.⁷⁹

For at least three reasons, healthcare institutions might be best positioned to champion and play a leadership role in an employer consortium. First, healthcare is likely the largest source of low- and middle-skill employment. The largest hospitals collectively employ tens of thousands of workers—BJC alone has almost 30,000

employees, many in the city or region⁸⁰ — and a recent report notes that “more than half of the job postings for healthcare are for middle-skill jobs.”⁸¹ While many healthcare organizations work closely with workforce development intermediaries on training and placement, to our knowledge, none provides on-site wraparound services to employees. Second, healthcare institutions have a kind of dual mandate around providing stable, good quality jobs. As employers, healthcare institutions have been adding jobs much faster than the rest of the US economy, putting pressure on them to adopt new practices to recruit and retain labor.⁸² At the same time, hospitals and providers are beginning to take seriously the link between community conditions and the business of healthcare; some are addressing so-called “social determinants of health” through programs and practices that address social conditions (e.g., poverty, unemployment, substandard housing) associated with poor population health and higher healthcare costs.⁸³ Third, the city's healthcare institutions have a history of moral leadership on community and social issues. For example, WashU's School of Medicine has a senior leadership committee looking at issues of diversity and inclusion including in staff hiring; BJC recently raised its minimum wage to \$15 per hour “to help our team members and their families better meet their financial needs” and “to remain competitive as an employer.”⁸⁴

PRECEDENT

PORTLAND MEANS PROGRESS

Portland, OR

portland
means
progress.

<https://portlandmeansprogress.com>



78 Data from a recent report suggest that among high schools in the Promise Zone, those located in St. Louis City have much lower average placements rates for career technical students. See Figure 11 in Econometrica, Inc., “St. Louis Promise Zone Workforce Development Connectivity Gap Analysis and Needs Assessment,” prepared for U.S. Department of Housing and Urban Development Office of Field Policy and Management, April 15, 2019

79 *Portland Means Progress*. (n.d.). Portland Means Progress. Retrieved from <https://portlandmeansprogress.com>

80 *St. Louis Book of Lists*. St. Louis Business Journal.

81 *State of the St. Louis Workforce*. (2018). St. Louis Community College. <https://www.stlcc.edu/workforce/st-louis-workforce/sslw2018-report-download.aspx>

82 Project interviews and roundtables

83 See e.g., Lagasse, J. (2018, May 23). *Social determinants shown to reduce healthcare spending*. Healthcare Finance News. <https://www.healthcarefinancenews.com/news/social-determinants-shown-reduce-healthcare-spending>

84 *Actions and Progress*. (n.d.). Washington University School of Medicine in St. Louis. Retrieved from <https://medicine.wustl.edu/about/diversity-inclusion/actions-progress/>; Kirn, J. (2019, October 2). BJC HealthCare to boost minimum wage to \$15 an hour. *St. Louis Business Journal*. <https://www.bizjournals.com/stlouis/news/2019/10/02/bjc-to-boost-minimum-wage-to-15-an-hour.html>

PRECEDENT

THE SOURCE

Grand Rapids, MI

<https://grsource.org/>

Building on the previous initiative, a second, “lab tech” initiative will help resolve some of the existing workforce challenges in healthcare. As healthcare is one of the major industries in both the city and region, this initiative would expand and enhance existing training programs for lab workers; high turnover among lab workers is often viewed as a “pain point” for employers.⁸⁵ Lab Tech would leverage the employer partnerships formed in the consortium and convene major healthcare employers, training providers, and other ecosystem partners to align current programs with demand for workers.

The third initiative is creation of a nonprofit to provide wraparound services to workers at employer sites. This impetus for this initiative comes from leaders from the city’s education and workforce providers, which emphasize the unique role that only employers can play in shaping the experiences and success of workers, especially those in challenging economic or family circumstances. These experts noted the valuable role that employers can play in providing the wraparound services to employees and potential employees facing challenges with housing, transport, childcare, or other factors that shape workplace success. As one expert noted, “Where are the employers? We can do the training, bring the programs, etc., but North St. Louis outcomes are still different. One piece is training for wraparound services. Where are the employers?”⁸⁶

⁸⁵ Project interviews and roundtables

⁸⁶ Project interviews and roundtables

The direct engagement of employers in wraparound on-site services for employers is uncommon but successful models exist.⁸⁷ These initiatives generally create a non-profit, often supported by a combination of employer contributions and national philanthropic support, that works directly with individual employees to help them access the public and private services needed to stabilize their financial and personal lives, whether food, housing, transportation, credit counseling, or education. The SOURCE, a non-profit based in Grand Rapids, Michigan, is one model; it is funded by area employers, and its services are available to the workers of participating employers. It engages a variety of other regional service providers, and they provide assistance to workers through funding, programs, classes, and individual consultations.⁸⁸ One study found that providing these services on-site at employers reduced turnover by 40%;⁸⁹ as one leader of an employee support organization explained, “It’s easy to walk away from places that don’t have an investment in you. It’s harder to walk away if you think there’s a possibility to grow and be a valued employee in their environment.”⁹⁰ As an added benefit,

⁸⁷ See <https://www.worklabinnovations.org/>. Project Quest, one of the country’s most successful intermediaries, provides wraparound services but not at individual employer sites; see: Schwartz, N. (2019, August 19). Job Training Can Change Lives. See How San Antonio Does It. *New York Times*. <https://www.nytimes.com/2019/08/19/business/economy/worker-training-project.html?emc=rss&partner=rss>.

⁸⁸ *About—The Source*. (n.d.). The SOURCE. Retrieved from <https://grsource.org/about/>

⁸⁹ Project interviews and roundtables

⁹⁰ Project interviews and roundtables

participating employers often come to better understand and empathize with the needs of disadvantaged employees and respond by furthering inclusive and equitable employment practices, e.g., adopting evidence-based hiring methods or providing more scheduling flexibility to accommodate childcare commitments.^{91,92}

The fourth set of initiatives involves the availability of wraparound services and transportation access. Together, these initiatives aim to eliminate obstacles that workers may be facing (and could be contributing to high turnover).

The last set of initiatives involves a commitment to better communicating existing and emerging opportunities in the city economy to relevant education and training providers, including workforce agencies, education and training providers (including K-12), cluster leaders, and the general public. Already, the city boasts an extensive workforce development ecosystem, consisting of efforts from the Regional Chamber, St. Louis Job Corps Center, and Employment Connection, among many others.

“Where are the employers? We can do the training, bring the programs, etc., but North St. Louis outcomes are still different. One piece is training for wraparound services. Where are the employers?”

91 A recent Rockefeller Foundation study identifies specific workplace needs of “opportunity youth,” defined as “young people ages 18-24 who face barriers to economic participation,” including transportation, flexible, hours, and computer skills training. *The State of Entry-Level Employment in the U.S.: A study examining the potential effectiveness of impact hiring on youth unemployment.* (2017). Rockefeller Foundation and Edelman Intelligence. <https://assets.rockefellerfoundation.org/app/uploads/20170320171306/Impact-Hiring-Survey-Results.pdf>

92 Project interviews and roundtables



Source: St. Louis Job Corps has hundreds of openings, from St. Louis Public Radio (March 2016)

ALREADY, THE CITY BOASTS AN EXTENSIVE WORKFORCE DEVELOPMENT ECOSYSTEM, CONSISTING OF EFFORTS FROM THE REGIONAL CHAMBER, ST. LOUIS JOB CORPS CENTER, AND EMPLOYMENT CONNECTION, AMONG MANY OTHERS.

Strategy 1

Create St. Louis employer consortium focused on workforce practices to support entry-level and middle-wage employees

Workforce and training practitioners identify the lack of deep engagement on the part of most employers as a critical issue in advancing equitable opportunity and note the importance of day-to-day practices around things like employee on-boarding and mentoring in attracting and retaining employees.

To make permanent the emphasis on inclusive middle-wage job opportunities, we propose tying SLDC incentives and supports to the creation of middle-wage careers, defined as jobs that currently provide a target level of wages and benefits, as well as entry-level jobs tied to a set of employers supports that stabilize employment and provide opportunities for advancement. This practice follows leading cities like Indianapolis, Portland, and San Diego while placing greater emphasis on a broader set of workforce practices — inclusive hiring practices, broadened cultural competencies, retention-oriented on-boarding practices, early-tenure career ladders, and provision of wraparound services (e.g., subsidized/affordable child care) — than wage rates alone. We propose that SLDC link incentives and other supports to creation of middle-wage jobs, as well as adoption of workplace practices created by the employer consortium. Over time, the hope and expectation is that major employers across St. Louis will adopt these practices, regardless of whether they receive incentives or not.

| Action Item #: <u>EP-1.1</u> | Convene major employers (BJC, WashU, etc.) and develop a public, signed commitment letter that explicates the policies to be adopted by the undersigned |
|---------------------------------|---|
| Leader | SLDC |
| Potential Partners | BJC, WashU, other major employers |
| Start Time | Year 1 |
| Duration | Ongoing |
| Effort to Implement | High |
| Potential Funding | SLDC |
| Goal/s | More middle-wage job opportunities and supports |
| Tracking Progress | Composition of jobs created through SLDC incentives; signed commitment letter |
| Action Item #: <u>EP-1.2</u> | Develop an equity model to complement the existing financial scorecard that ties incentives to middle-wage job creation and supports for entry-level and middle-wage workers |
| Leader | SLDC |
| Potential Partners | Community Development Administration, Forward Through Ferguson, Planning & Urban Design Agency, SLACO, Vacancy Collaborative, neighborhood and economic development partners, public advocacy groups |
| Start Time | Year 1 |
| Duration | 6-9 months |
| Effort to Implement | Low to medium |
| Potential Funding | N/A |
| Goal/s | Create an objective standard for the evaluation of a project's contributions to equitable economic growth in the city; prioritize investment in historically disinvested parts of the city; incorporate an assessment of affordability for housing developments |
| Tracking Progress | Creation of model, number of projects awarded incentives for entry-level and middle-wage jobs created |

Strategy 2

Establish a Lab Tech initiative among members of the employer consortium

Building on the employer consortium, an important area of convening is around the lab professions within healthcare. Graduates of existing training programs are often in high demand, as (by some estimates) the workforce turns over by one-third each year. But trainees may have trouble getting to the programs or require other services, like childcare.⁹³ In addition to improved transportation access and benefits, existing programs may benefit from “right-sizing” (shortening the program length to reduce barriers to participants), better coordination between employers, and outreach to high school students to expose them to the Lab Tech career path.

⁹³ Project interviews and roundtables

| Action Item #: <u>EP-2.1</u> | Assemble healthcare partners and others to conduct a study on short-, medium-, and long-term workforce training needs, program structure and curriculum, and worker retention strategies |
|---------------------------------|--|
| Leader | BJC, Cortex, Mercy, SSM, St. Louis Community College |
| Potential Partners | T-REX, TechSTL, Venture Café, SLDC |
| Start Time | Year 1 |
| Duration | 6 months |
| Effort to Implement | Medium |
| Potential Funding | Participating employers |
| Goal/s | Leverage software tech strength in related occupational areas; grow entry-level and middle-wage job opportunities in lab professions; reduce turnover among Lab Tech workforce |
| Tracking Progress | Completed study |

Strategy 3

Create new non-profit employee support organization

Creation of a St. Louis-based employee support organization could advance multiple important goals of an equitable economic development framework simultaneously: increasing the pool of labor available to employers, reducing firm-level turnover, improving employment and wage outcomes for entry-level and middle-skilled workers, reducing racial gaps in economic opportunities and outcomes, providing opportunities for the re-entering population, and linking with anti-poverty programs in ways that reduce short-term stress on individuals and families and longer term, reduce one critical source of poverty, namely stable, well-paying work opportunities.

Employment Connection is a St. Louis-based organization that addresses a similar, but more truncated, set of challenges: namely, providing wraparound services to help new workers in their first 90 days of employment, a period in which non-work challenges like housing can create high turnover rates. In addition to increasing retention, a benefit for employees but also employers, Employment Connections can help diversify workplaces by bringing under-represented populations into less diverse workplaces.⁹⁴

| Action Item #: EP-3.1 | Convene a working group to evaluate the need and cost/benefit of creating such a non-profit |
|--------------------------|--|
| Leader | Major employers, SLDC |
| Potential Partners | Employment Connection, WorkLife Partnership, major employers and philanthropies |
| Start Time | Year 1 |
| Duration | On-going |
| Effort to Implement | High |
| Potential Funding | National philanthropy, employers |
| Goal/s | Creation of employee support organization or expansion of capacity at existing program; utilization by major employers; applications to numerous industries (e.g., health care, construction and related fields); increase the pool of labor available; reduce firm-level turnover; reduce racial gaps in economic opportunities and improve employment wages for entry-level and middle-skill workers |
| Tracking Progress | Number of employees with access to services |

94 Project interviews and roundtables

Strategy 4

Integrate one-stop centers in employment centers to coordinate services

Employers routinely coordinate services and activities when it is in their best interest as a company. There are some services that can be difficult for individual companies to provide themselves including day care or workforce training. During this process, residents and some business owners have expressed a disconnection between employment centers and nearby neighborhoods both physically and socially. The idea is to pilot a program to create two employment “one-stop centers,” located on a commercial corridor adjacent to an employment center. The center would provide a range of services potentially including day care services, workforce programs, job postings, community information, meeting space and other programs to be determined. We propose two pilot locations:

- › Along Natural Bridge Avenue to serve Mark Twain/I-70 businesses;
- › and along S. Broadway / S. 7th to serve businesses in the South Riverfront employment center.

| Action Item #: <u>EP-4.1</u> | Conduct a feasibility study to program and implement pilot centers in Mark Twain/I-70 and South Riverfront |
|---------------------------------|--|
| Leader | SLDC |
| Potential Partners | SLATE, employers |
| Start Time | Year 1 |
| Duration | 3-5 years |
| Effort to Implement | Medium |
| Potential Funding | Private and philanthropic support, employers |
| Goal/s | Safe, comfortable transit shelters for employment districts |
| Tracking Progress | Number of employees utilizing the one-stop centers |

Potential One-Stop Center Locations

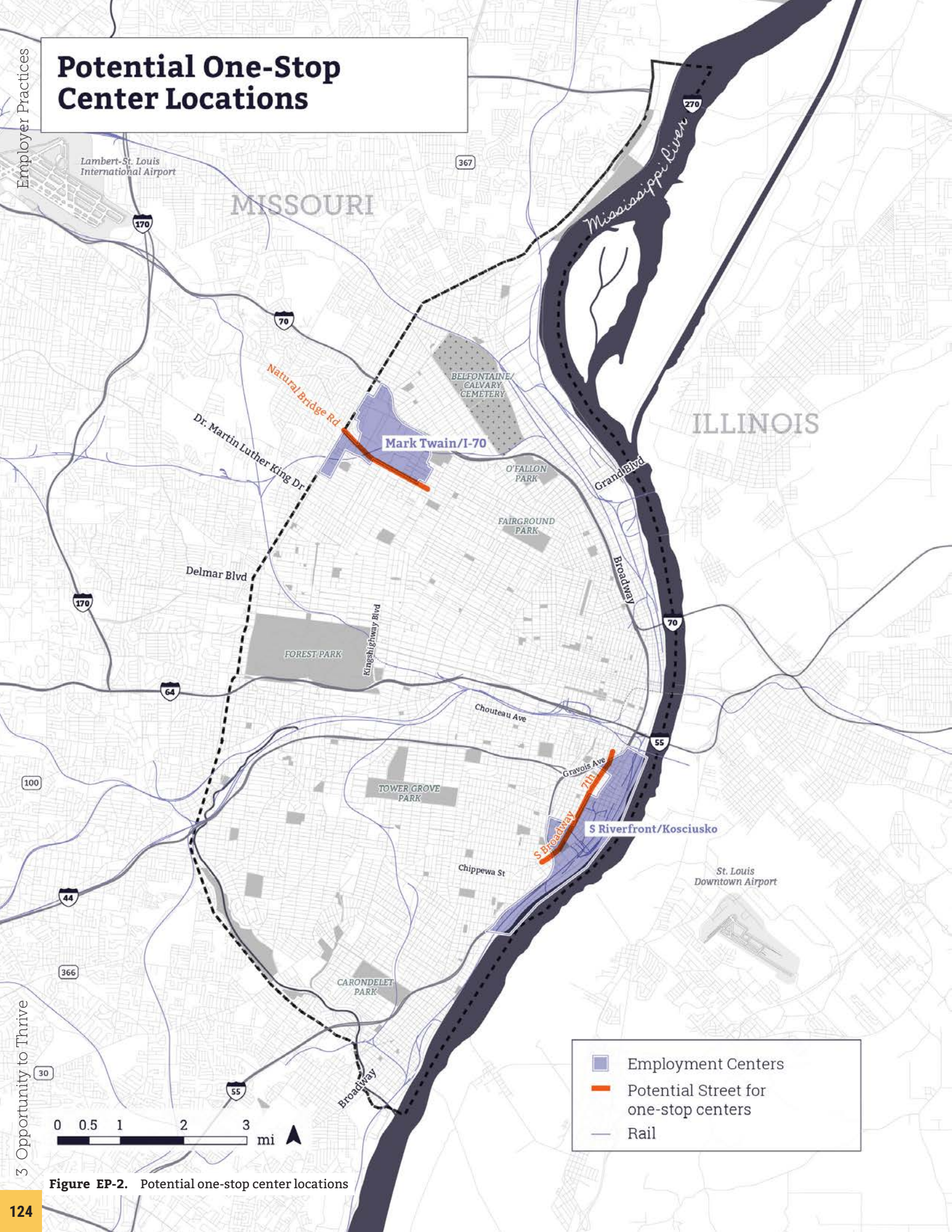


Figure EP-2. Potential one-stop center locations

**Strategy
5**
Improve transit options to nearby neighborhoods

Access to employment, particularly within employment centers that are almost entirely industrial or commercial in use, is a critical aspect of ensuring equitable outcomes for the existing and future city's residents. For example, 22% of residents in North St. Louis take transit to work (compared to 10% citywide) and these residents have significantly higher commute times. The actual time it takes to get to work in Mark Twain/I-70 or the Near North Riverfront, for instance, can be up to 30 minutes or more by bus even if you live in North St. Louis. In addition, many transit stops, particularly at or adjacent to employment centers, are uncomfortable and, at times, unsafe due to their location next to fast-moving traffic. This is a barrier that needs to be addressed and overcome. New bus headways (shorter wait times for buses) proposed by the Metro Reimagined process and the potential MetroLink expansion can be real benefits, but this planning work must be coordinated with potential improvements within each Employment District and Center to ensure that these places are easily accessible to workers across the city.

| Action Item #: EP-5.1 | Ensure that MetroLink and MetroBus proposals link to employment districts and centers |
|----------------------------------|--|
| Leader | Bi-State Metro Transit, East-West Gateway Council of Governments |
| Potential Partners | Planning & Urban Design Agency, SLDC |
| Start Time | Year 1 |
| Duration | Ongoing |
| Effort to Implement | Medium |
| Potential Funding | N/A |
| Goal/s | New transit services and investments linked to employment and business growth nodes |
| Tracking Progress | Inclusion of employment districts and centers in future Metro planning documents |
| Action Item #: EP-5.2 | Improve transit shelters |
| Leader | Bi-State Metro Transit |
| Potential Partners | East-West Gateway Council of Governments, Planning & Urban Design Agency, employers, SLDC |
| Start Time | Year 1 |
| Duration | 1 year |
| Effort to Implement | Medium |
| Potential Funding | Bi-State Metro Transit, private employers, SLDC |
| Goal/s | Safe, comfortable transit shelters for employment districts |
| Tracking Progress | Number of riders using the shelters; change in transit ridership |

Source: Metro St. Louis, 2018 via GIS Online

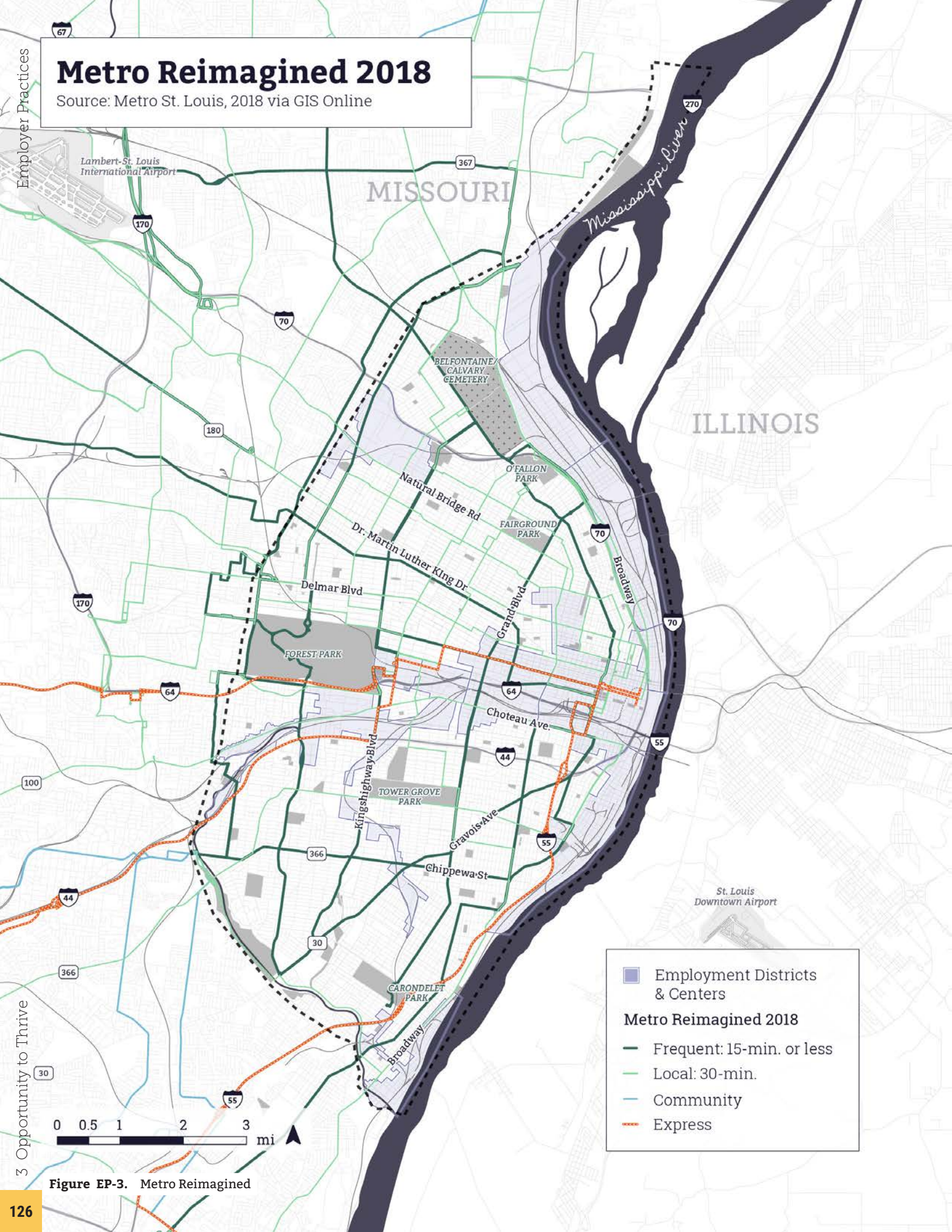


Figure EP-3. Metro Reimagined

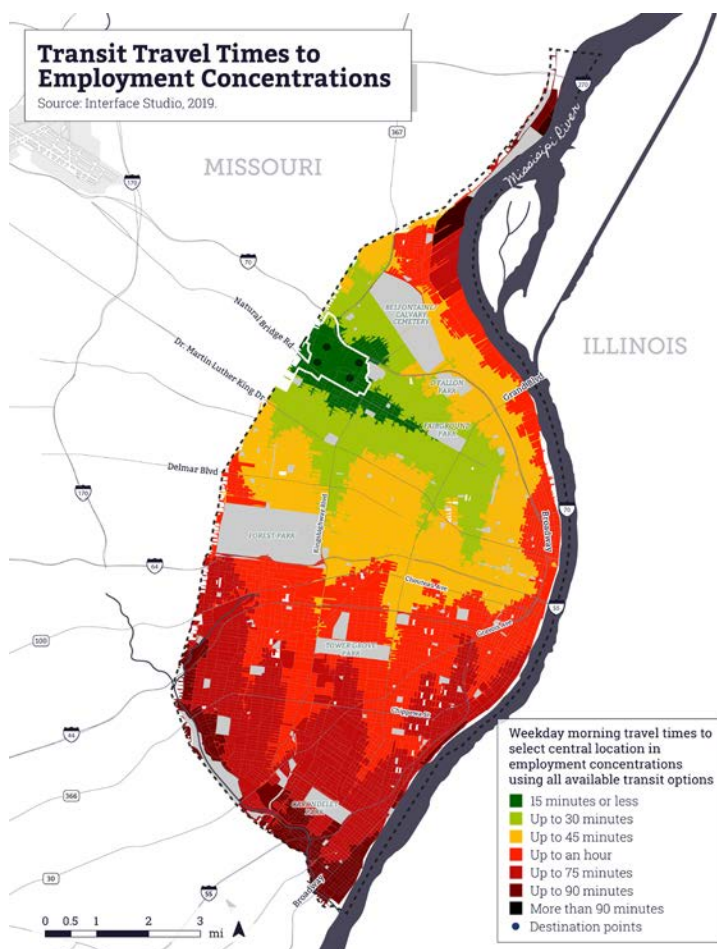


Figure EP-4. Transit travel time to Mark Twain/I-70 employment center

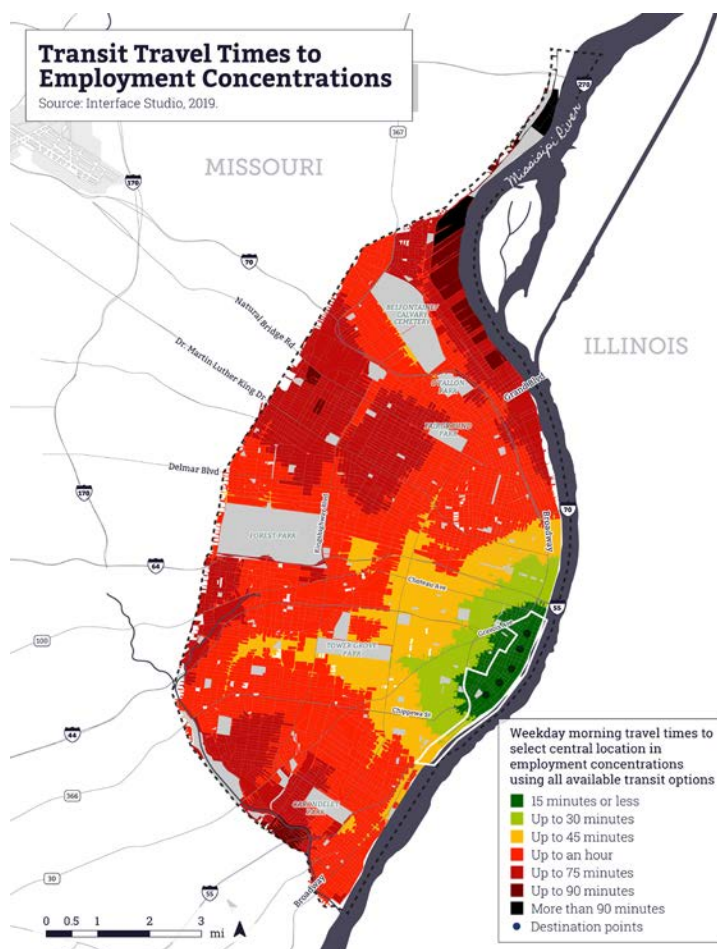


Figure EP-5. Transit travel time to South Riverfront employment center



Some MetroBus stops don't have a bus shelter and are unsafe.

Strategy 6

Develop a messaging strategy and platform for communicating existing and emerging economic opportunities in the city

Advancing equitable economic growth in St. Louis begins with a clear understanding of the value of the city's human capital, innovation, education, technology, and entertainment assets and their existing and potential contribution to the city, regional, and state economies. SLDC's commitment to report annually on economic conditions and trends in the city provides an important opportunity to communicate existing and emerging economic opportunities in the city. By telling the story of St. Louis and its economy and people to city residents—especially the students who will be tomorrow's business owners, workers, and leaders—and regional and state partners, SLDC and its partners can better support the well-being of the city's residents, forge stronger ties with neighborhoods, and foster cooperation at all levels of government. This type of outreach must focus on young residents – even students in elementary and middle, as well as high schools – and empower them to shape their futures alongside the city's.

| Action Item #: <u>EP-6.1</u> | Host an annual conference on the St. Louis economy, potentially as an extension to the Mayor's Business Luncheon |
|------------------------------|--|
| Leader | SLDC |
| Potential Partners | City Hall, major employers, workforce and training providers |
| Start Time | Year 2 |
| Duration | One day annually |
| Effort to Implement | Medium |
| Potential Funding | Local philanthropy, sponsors |
| Goal/s | Communicate information about the city's economy |
| Tracking Progress | Conference sponsorship and participation; presentation and panel quality |
| Action Item #: <u>EP-6.2</u> | Share industry and occupation data with workforce providers |
| Leader | SLDC |
| Potential Partners | AllianceSTL, Employment Connection, Regional Chamber, St. Louis Community College, St. Louis Job Corps Center, St. Louis Public Schools, SLU, other educational partners |
| Start Time | Year 1 |
| Duration | Four meetings per year |
| Effort to Implement | Medium |
| Potential Funding | Internal |
| Goal/s | Complement existing data held by workforce providers |
| Tracking Progress | Flag workforce training gaps, shape programs offerings of education and workforce providers |

| Action Item #: EP-6.3 | Engage the re-entering population about economic opportunities in the city |
|----------------------------------|---|
| Leader | Employment Connection, St. Louis Job Corps Center, faith-based organizations |
| Potential Partners | SLDC |
| Start Time | Year 2 |
| Duration | Ongoing |
| Effort to Implement | Medium |
| Potential Funding | Local philanthropy |
| Goal/s | Align the re-entering population with demand for workforce |
| Tracking Progress | Labor force participation and unemployment of the re-entering population |

BY TELLING THE STORY OF ST. LOUIS AND ITS ECONOMY AND PEOPLE TO CITY RESIDENTS, *ESPECIALLY THE STUDENTS WHO WILL BE TOMORROW'S BUSINESS OWNERS, WORKERS, AND LEADERS*, SLDC AND ITS PARTNERS CAN BETTER SUPPORT THE WELL-BEING OF THE CITY'S RESIDENTS, FORGE STRONGER TIES WITH NEIGHBORHOODS, AND FOSTER COOPERATION AT ALL LEVELS OF GOVERNMENT.

| Action Item #: EP-6.4 | Present “State of the City Economy” report at area middle and high schools |
|-----------------------|---|
| Leader | City Hall, SLDC |
| Potential Partners | Better Family Life, Board of Aldermen, Boys and Girls Club, CollegeBound, Girls, Inc., Girl Scouts of Eastern Missouri, Mayor’s Office, Save Our Sons, SLATE, St. Louis Public Schools and Charter schools, St. Louis Regional Chamber, UrbanLeague, corporate sponsors |
| Start Time | Year 2 |
| Duration | Annually at each high school (both SLPS and Charter, offered at private high schools) |
| Effort to Implement | Medium |
| Potential Funding | Internal, corporate sponsors |
| Goal/s | Educate and engage high school students on trends and opportunities in the local economy |
| Tracking Progress | SLPS support, student attendance and engagement, development of internships, externships, and apprenticeships |



Central Visual and Performing Arts High School
Source: St. Louis Post Dispatch

MEASURING OUTCOMES

High-quality data are central to this framework. They helped identify opportunities and shape strategies and will be critical in terms of tracking progress, creating public accountability, and correcting a course of actions when required by changing conditions. Measures for tracking progress are included with each action item, and are summarized in Ch. 6: Metrics, a section on metrics to evaluate the city's progress on meeting the goals of the framework. In terms of public accountability, SLDC will annually update the report's comprehensive data appendix. Data and data expertise will also be central to updating strategies to reflect emerging opportunities in clusters, place, and opportunities for economic advancement and wealth creation. Building on this foundation, the following sections lay out strategies to support civic data capacity, and measure and track neighborhood outcomes.

Although the proposed strategies and action items were developed using a data-driven approach and rely on a variety of federal, state, and local sources of data, feedback on the framework rightly pointed out that the existing approach to data analytics and metrics relies solely on existing sources of data and does little to generate new information.⁹⁵

While the importance and value of the existing, publicly-available sources of local data cannot be understated – for example, the Vacancy Collaborative publishes a highly curated dataset of vacancy in the city; the City of St. Louis maintains an open data portal; and with Forward Through Ferguson, the Equity in Entrepreneurship Collective is planning an equity audit – there is an undeniable dearth of data on outcomes by race, for sub-city geographies (e.g., neighborhoods, commercial corridors), and for specific projects. Many groups recognize the value and importance of having high-quality local data, but they are often held back by capacity (staff resources and technical expertise) and lack of a trusted third-party or intermediary to house data.⁹⁶ Addressing this gap is critical, especially for measuring outcomes by race,⁹⁷ which is central to tracking outcomes associated with this framework and for creating a more inclusive and equitable economy in St. Louis.

THE EXISTING
APPROACH TO DATA
ANALYTICS AND
METRICS RELIES SOLELY
ON EXISTING SOURCES
OF DATA AND DOES
LITTLE TO GENERATE
NEW INFORMATION

⁹⁵ Lindsey, N., Colon-Smith, A., & Aufiero, C. (15 June 2020). SLDC Equitable Development Plan Draft.

⁹⁶ Project interviews and roundtables

⁹⁷ Lindsey, N., Colon-Smith, A., & Aufiero, C. (15 June 2020). SLDC Equitable Development Plan Draft.

CIVIC DATA CAPACITY

Strategies and Action Items

| Strategy 1 | Increase capacity at key civic and business organizations to develop new sources of high-quality data on outcomes by race and place |
|---------------|---|
|---------------|---|

In addition to proposing expanded internal data capabilities at SLDC in order to track and report framework outcomes to its constituents – an effort that will utilize existing data sources almost exclusively – we propose steps to improve the amount and quality of data collected by organizations across the city. While there are important efforts at data collection already underway – and the number of such efforts is a testament to the community's commitment to data – there does not yet exist a coordinated effort to expand civic capacity around data that can help evaluate progress associated with this framework and other efforts to improve inclusion and equity. The Regional Data Alliance serves a critical role in establishing a common data infrastructure for the city and region, and given that there are already successful models of data strategy, collection, and analytics across the city and region (e.g., the city's Equity Indicators, the Vacancy Collaborative's Vacancy Portal, Ferguson Commission Report) and plans to continue building this capacity (e.g., the Regional Data Exchange, St. Louis Equity in Entrepreneurship Collective's equity assessment, the St. Louis Community Foundation's Center for Civic Research and Innovation), St. Louis should be a national leader in generating high quality, hyper-local data to document outcomes by race and neighborhood and utilizing this data to understand conditions by race and place across the city.

| Action Item #: CDC-1.1 | Create a working group of local civic organizations, data experts, and funders |
|----------------------------------|---|
| Leader | Regional Data Alliance, SLDC |
| Potential Partners | BioSTL, Center for Civic Research and Innovation, Cortex, Forward Through Ferguson, Invest STL, Rise Community Development, SLEDP, SLU, St. Louis Equity in Entrepreneurship Collective, Vacancy Collaborative, WashU |
| Start Time | Year 1 |
| Duration | 1 year |
| Effort to Implement | Medium |
| Potential Funding | Local philanthropy |
| Goal/s | Create a community vision or "data agenda" for local data capacity and coordination around collecting and tracking inclusion outcomes |
| Tracking Progress | Presence of a working group and attendance at convenings |
| Action Item #: CDC-1.2 | Develop curricula to build staff skillsets and where necessary, identify and make key hires |
| Leader | Civic Data Capacity working group |
| Potential Partners | SLDC |
| Start Time | Year 1 |
| Duration | Initially 1 year, but ongoing |
| Effort to Implement | High |
| Potential Funding | Internal |
| Goal/s | Support SLDC's current and future data management responsibilities |
| Tracking Progress | Number of staff receiving training; number of new hires |

| Action Item #: CDC-1.3 | Organize, design, and implement projects to improve data on outcomes by race and place |
|-----------------------------------|--|
| Leader | Civic Data Capacity working group |
| Potential Partners | City, SLDC |
| Start Time | Year 2 |
| Duration | 12-18 months |
| Effort to Implement | High |
| Potential Funding | Local philanthropy |
| Goal/s | Pilot and test data collection and tracking options and iterate to find the best process; use projects to develop data collection and analysis protocols that will be applied to all future projects |
| Tracking Progress | Number of test projects |

**Strategy
2**
Create capacity to collectively store and access data on inclusion and equity

After establishing a working group to coordinate existing data efforts, next steps include identifying an organizational home for locally collected data and establishing a sustainable funding source.

| Action Item #: CDC-2.1 | Identify an organization or consortium to serve as a repository of locally-generated data on inclusive outcomes |
|-----------------------------------|---|
| Leader | Civic Data Capacity working group |
| Potential Partners | City, SLDC |
| Start Time | Year 2 |
| Duration | 3-12 months |
| Effort to Implement | Medium |
| Potential Funding | Local and national philanthropy |
| Goal/s | Adopt consistent practices in data collection and management in the city and region; ensure that data management protocols are established for both quantitative and qualitative data; disseminate learnings and best practices around methods and techniques for improving the amount and quality of outcomes data by race and place |
| Tracking Progress | Identification of an organization to house locally-generated data |
| Action Item #: CDC-2.2 | Create and implement a funding model that could be based on philanthropic support and/or fee-for-service |
| Leader | Civic Data Capacity working group |
| Potential Partners | City, local philanthropy, SLDC |
| Start Time | Year 2 |
| Duration | 1 year |
| Effort to Implement | Medium |
| Potential Funding | Local and national philanthropy; earned income |
| Goal/s | Establish a sustainable funding model that will enable both short- and long-term data capacity |
| Tracking Progress | Identification of a sustainable funding model |

TRACKING NEIGHBORHOOD OUTCOMES

Research has established the importance of neighborhood characteristics in shaping economic outcomes of residents (Chetty et al., 2016; Chetty and Hendren, 2018).⁹⁸ Although the framework presented in this report is not meant as a set of neighborhood plans, it should be complementary to civic and public sector efforts to improve quality of life and opportunity in the city's neighborhoods. These efforts, in fact, abound in St. Louis—for example, the creation of new Community Improvement Districts (Dutchtown, near Cherokee Street; Soulard; Bevo); adding staff at the Riverview West Florissant Development Corporation; developing the Great Streets Plan for a portion of Gravois in Bevo Mill; and creating a

redevelopment plan for the Imperial site in the 27th Ward, among many others—and will be augmented in coming years by neighborhood planning efforts from the City's Planning and Urban Design Agency. These plans will cover a standard set of topics related to neighborhood characteristics including land use and zoning, housing, sustainability, economic development, safety, and equity, as well as secondary and focus areas of most relevance to the specific neighborhood.⁹⁹ In addition to these data points, it's important to assess how neighborhood organizations engage with residents and businesses (e.g., providing programming on topics such as financial or healthcare literacy) and how neighborhood capacity can be supported to do so.

THE FRAMEWORK
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98 Chetty, Raj, Nathaniel Hendren, and Lawrence Katz. 2016. "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Project." *American Economic Review* 106 (4); Chetty, Raj, and Nathaniel Hendren. 2018. "The Impacts of Neighborhoods on Intergenerational Mobility I: Childhood Exposure Effects." *Quarterly Journal of Economics* 113 (3).

99 "Neighborhood Plans: Minimum Submittal Requirements for Adoption," Adopted by City of St. Louis Planning Commission. July 1, 2020.

Strategies and Action Items

Strategy 1

Create a St. Louis Neighborhood Vitality Index (NVI)

Of the metrics proposed for evaluating the progress of this framework (see Chapter 6: Metrics), over half can be collected at the neighborhood or sub-neighborhood level. These as well as data collected by individual organizations across the city (described above) can be combined to create a neighborhood vitality index (NVI) to track conditions and change across individual neighborhoods and help identify priorities for neighborhood investments and initiatives.

| Action Item #: <u>TNO-1.1</u> | Create a working group of CDCs, neighborhood civic organizations, data experts, and SLDC staff to create an NVI framework |
|----------------------------------|--|
| Leader | Lutheran Development Group, Invest STL, Rise Community Development |
| Potential Partners | Planning & Urban Design Agency, SLACO, Tower Grove Neighborhoods CDC, members of the Civic Data Capacity working group, SLDC |
| Start Time | Year 1 |
| Duration | 12-18 months |
| Effort to Implement | Medium |
| Potential Funding | Local philanthropy |
| Goal/s | Create a vision for the NVI and identify measures that should be included; from outreach and engagement with neighborhoods, identify data points that are most critical to neighborhoods and support resident and business quality of life (e.g., prevalence of absentee landlords, crime, etc.) |
| Tracking Progress | Presence of a working group and attendance at convenings |
| Action Item #: <u>TNO-1.2</u> | Using existing data, develop preliminary rankings of need and analytics to understand neighborhood conditions and remaining data needs |
| Leader | SLDC |
| Potential Partners | NVI working group, Planning & Urban Design Agency |
| Start Time | Year 2 |
| Duration | 1 year |
| Effort to Implement | Medium |
| Potential Funding | Local philanthropy |
| Goal/s | Establish neighborhood baselines; coordinate with commercial corridor health tracking |
| Tracking Progress | List of preliminary rankings of need |

| | |
|-----------------------------------|--|
| Action Item #: TNO-1.3 | Identify data gaps and work with neighborhood organizations, universities, and other interested parties to collect data |
| Leader | SLDC |
| Potential Partners | Board of Aldermen, NVI working group, Planning & Urban Design Agency, SLU, UMSL, WashU |
| Start Time | Year 2 |
| Duration | 12-18 months |
| Effort to Implement | Medium |
| Potential Funding | Local philanthropy |
| Goal/s | Utilize civic data capacity to improve understanding of neighborhood needs and neighborhood-level data |
| Tracking Progress | Neighborhood outreach on data gaps |
| Action Item #: TNO-1.4 | Finalize and make public the inaugural NVI along with a five-year plan for updates and data improvements |
| Leader | SLDC |
| Potential Partners | Board of Aldermen, NVI working group, Planning & Urban Design Agency |
| Start Time | Year 2 |
| Duration | 12-18 months |
| Effort to Implement | High |
| Potential Funding | Local philanthropy |
| Goal/s | Communicate the value of the NVI as a tool for understanding neighborhood needs; ensure transparency with communities and the public about how the NVI was constructed |
| Tracking Progress | Publishing the NVI |

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